THE FINANCIAL SERVICES COMMISSION OF ONTARIO

ANNUAL REPORT 2003-2004

Ontario

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FINANCIAL SERVICES COMMISSION OF ONTARIO

ANNUAL REPORT 2003–2004
SUPERINTENDENT'S REPORT ON INSURANCE 2003

Table of Contents

Annual Report

Message from the Chair and the Chief Executive Officer 2

FSCO's Mandate, Structure and Resources 5

The Regulated Sectors in Profile 6
- Pension Plans 6
- Insurance 8
- Deposit Institutions, Mortgage Brokers, Co-operatives 9

FSCO at Work 10
1. Licensing and Monitoring 10
2. Enforcement 12
3. Overseeing Pension Plans 13
4. Support for the Automobile Insurance System 18
5. Dispute Resolution and Complaint Services 23
6. Policy Development 26
7. Consumer Protection through Information 26
8. Maximizing Effectiveness of FSCO's Resources 27

Report of the Office of the Insurance Ombudsman 29

Report of the Financial Services Tribunal 34

Organization Chart 36

Audited Statements 39

Statement of the Pension Benefits Guarantee Fund 51

Motor Vehicle Accident Claims Fund Financial Statements 61

Superintendent's Report on Insurance 2003 73

Ontario

Message from the Chair and the Chief Executive Officer

As the sixth annual report of the Financial Services Commission of Ontario (FSCO), this document reports on FSCO's activities for the fiscal year April 1, 2003, to March 31, 2004. This report provides the financial details and activities that comprise FSCO's commitment to sustain public confidence in the sectors it regulates.

Throughout 2003–2004, FSCO continued to promote fair, efficient and effective financial services by maintaining a responsive and constructive presence in Ontario's financial services marketplace.

FSCO fulfilled its mandate with the support and co-operation of its stakeholders, and in the face of key challenges in the marketplace and financial services environment.

Market Conditions

Canadian and Ontario financial outlooks remained relatively strong throughout 2003–2004. Nevertheless, the sectors regulated by FSCO felt the strain of market downturns and declining interest rates on the cost of insurance and pension plan investments.

Rising costs in the automobile insurance sector were no longer offset by investment returns, contributing to a trend of increased premiums for automobile insurance consumers.

In addition to eroded asset values, the pension plan sector also felt the continuing strain of Ontario's aging population. With retirees predicted to outnumber contributing members, the challenge to pension plans to adequately fund current and anticipated future benefits were never greater.

In 2003–2004, the Canadian financial services industry as a whole examined the possible reputational consequences stemming from events in the United States where accounting failures and high-profile corporate bankruptcies made headlines. Regulators around the globe took notice and increasingly considered reputational risk as falling into the "zero tolerance" category.

For FSCO, the environment also accelerated the push towards the regulation of market conduct using a risk-based approach — assessing the controls that companies have in place to ensure compliance with laws, effective response to consumer issues, and good market behaviour.

During this period, Ontario residents were impacted by two extraordinary events: the SARS outbreak and the power outage of August 2003. These crises forced Ontarians to examine more closely the potential impact to individual risk resulting from events that originate beyond our borders.

Convergence

The trend towards consolidation and mergers of financial institutions, globalization of the marketplace, and convergence of the financial services industry continued in 2003–2004. In parallel, stakeholders increasingly called for national, harmonized solutions to regulatory issues. FSCO recognized the trend and, along with other financial service regulators, took steps to strengthen cross-jurisdictional and cross-sectoral mechanisms.

During the year, FSCO participated with stakeholders and other regulators on projects to harmonize regulation and reduce duplication and overlap. These included:

- Releasing the *Proposed Regulatory Principles for A Model Pension Law.*
- Consulting on the proposed *Principles and Practices for the Sale of Products and Services in the Financial Sector.*
- Releasing draft *Pension Plan Governance Guidelines and Self-assessment Questionnaire.*

Electronic Access

In 2003–2004, the increasing trend by financial services stakeholders to access information and transact electronically continued. Recognizing this demand, steps were taken to enhance access to electronic information about FSCO's core activities and to deliver more services on-line. FSCO successfully developed and implemented a number of technological innovations, including:

- A Pension Web Link allowing pension stakeholders to access key information about most pension plans registered in Ontario.
- The on-line filing system for statutory accident benefits representatives (paralegals).

Consumer Protection

During the year, FSCO worked on a range of initiatives that enhanced protections for consumers. For example, FSCO:

- Established a Code of Conduct and declaration filing process for Statutory Accident Benefits representatives (paralegals).
- Published and promoted an array of new brochures about insurance, including a guide on identifying auto insurance scams.

FSCO continued to strive for balance in protecting consumers and pension plan beneficiaries without creating unnecessary regulation. To support this objective, a review of FSCO's relationships with the regulated sectors was conducted. The new system of stakeholder and advisory committees streamlines consultation processes and promotes collaboration with industry to develop non-regulatory measures that strengthen consumer protection.

Operational Innovation

FSCO's innovation in serving clients was recognized in 2003 by the Public Service Quality Fair. FSCO was awarded silver and bronze certificates for its Bright Ideas and FSCO FUTURES programs.

In 2003, the Center for Suggestion System Development in Orlando, Florida, also recognized FSCO's Bright Ideas program, selecting it as the Outstanding New Suggestion Program in the Public Sector. The international award recognized the professionalism and creativity of the many FSCO staff who submitted Bright Ideas that, among other things, improved service to consumers and industry.

In April 2003, FSCO's internal newsletter, Focus, received two Ovation Awards from the Toronto Chapter of the International Association of Business Communicators. Focus earned Awards of Merit in the Employee/Member Communications and the Publications categories.

Looking Ahead with the Commission

Since its inception in 1998, FSCO has worked hard to nurture a culture of partnership and dialogue. In 2003–2004, FSCO reaped the rewards of strong relationships with industry and consumer stakeholders, and FSCO staff, enjoying their advice and support in carrying out its work.

Through continued collaboration, FSCO will remain positioned in the coming year to respond to changing market dynamics and to continue the work in fostering a healthy and competitive financial services sector.

In closing, we would like to thank our stakeholders, staff and Commission for their support in 2003–2004. We look forward to another successful year in 2004–2005.

Colin McNairn
Chair
Financial Services Commission of Ontario
Financial Services Tribunal
Appointed August, 2004 (formerly Vice-Chair)

Bryan Davies
Chief Executive Officer
Financial Services Commission of Ontario
Superintendent of Financial Services

FSCO's Mandate, Structure and Resources

The Financial Services Commission of Ontario (FSCO) is a regulatory agency established under the *Financial Services Commission of Ontario Act, 1997* (the *FSCO Act*).

FSCO regulates insurance, pension plans, credit unions, caisses populaires, mortgage brokers, cooperative corporations and loan and trust companies in Ontario. Its mandate is to protect the public interest and enhance public confidence in the regulated sectors. To do this, FSCO provides regulatory services that protect financial services consumers and pension plan beneficiaries and support a healthy and competitive financial services industry.

FSCO is comprised of three elements: the five-person Commission, the Superintendent of Financial Services and staff, and the Financial Services Tribunal (FST).

The Commission has a number of responsibilities under the *FSCO Act*, such as publishing FSCO's annual Statement of Priorities and making recommendations to the Minister of Finance on matters affecting the regulated sectors.

The Chief Executive Officer and Superintendent of Financial Services is responsible for the general supervision of the regulated sectors; the administration and enforcement of the *FSCO Act* and other statutes governing the regulated sectors; and FSCO's financial and administrative affairs. The staff of FSCO supports the Superintendent in carrying out these responsibilities.

The FST is an adjudicative body that conducts hearings arising from regulatory and proposed regulatory decisions of the Superintendent.

FSCO's offices are located in north Toronto. As of December 31, 2003, the agency had 454 full time employees and an annual budget of $40.3 million. FSCO's costs are recoverable from the regulated sectors.

Ontario

The Regulated Sectors in Profile

The financial services sector regulated by FSCO is a dynamic industry that contributes to the strength of Ontario's economy as a major employer, a source of investment and a provider of important financial services to individuals, families and business.

The financial services sector includes 1) pension plans, 2) insurance, and 3) deposit institutions, mortgage brokers and co-operatives.

Pension Plans

Pension plans are an important part of retirement financial security in Ontario. FSCO regulates all Ontario-registered pension plans. The province's ten largest public sector pension plans have a combined membership of 1,066,000 and $146 billion in total assets at market. The ten largest private sector pension plans have a combined membership of 197,000 and $29 billion in total assets at market. The largest five multi-employer pension plans registered in Ontario excluding those in the public sector have a combined membership of 325,000 and $4.5 billion in total assets at market.

Most pension plan members belong to one of the following types of plans:

- Defined benefit plans provide a predetermined benefit level during retirement.
- Defined contribution plans have specified contribution amounts and provide benefit payments based on accumulated contributions plus investment yield.
- Multi-employer pension plans (MEPPs) either defined benefit or defined contribution, are established primarily in industries or trades where workers tend to change employers frequently.

In 2003–2004, the total number of pension plans increased by 1.26 per cent to 6,254 while total active plan membership increased by 1.5 per cent to 2,025,515 members.

The distribution of plan membership between the different plan types remained consistent with the previous year. While active MEPPs represented only 2 per cent of the total number of active registered plans, when public sector MEPPs are included, they accounted for 43 per cent of the total plan membership.

Ontario Registered Active Pension Plans and Membership

Type	*As of March 31, 2004*		*As of March 31, 2003*	
	#	*% of Total*	*#*	*% of Total*
- Defined Benefit Plans	2,811	45%	2,708	44%
- Members	868,612	43%	875,145	44%
- Defined Contribution Plans	3,324	53%	3,351	54%
- Members	280,257	14%	267,237	13%
- Multi-Employer Defined Benefit Plans	83	1%	84	1%
- Members	856,053	42%	832,127	42%
- Multi-Employer Defined Contribution Plans	36	1%	33	1%
- Members	20,593	1%	19,161	1%
- Total Pension Plans	6,254	100%	6,176	100%
- Members	2,025,515	100%	1,993,670	100%

Insurance

Insurance is a $31 billion industry in Ontario, with premium volumes increasing more than 9 per cent in 2003. The value of premiums remains evenly split between life insurance companies and property & casualty (including automobile) insurers. This breakdown indicates a mature market with strong competition and a diversity of product lines. As of March 31, 2004, there were 384 insurance companies licensed to do business in the province.

Insurance Companies Licensed in Ontario

Business Type	*As of March 31, 2004*	*As of March 31, 2003*
Life	93	100
Property & Casualty	217	217
Other	74	81
Total	384	398

Direct Insurance Premium Volume in Ontario

Business Type	*2003 $ Billion*	*2002 $ Billion*
Life	14.0	13.4
Property & Casualty	16.8	14.1
Other	0.3	0.2
Total	31.1	27.7

Deposit Institutions, Mortgage Brokers, Co-operatives

Ontario's 251 credit unions and caisses populaires held total assets of $21.7 billion as of March 31, 2004. The trend during recent years toward amalgamation continued, with credit unions and caisses populaires increasing their total assets during 2003–2004, despite a decrease in their number. Regulatory capital[1] in support of deposits represented 7.08 per cent of system assets in 2004, up from 6.84 per cent in 2003 and 6.78 per cent in 2002, reflecting a sound industry. Membership in credit unions and caisses populaires remained steady at about 1.6 million.

As of the end of the fiscal year, one of the two Ontario-incorporated loan and trust companies had become federally incorporated.

Twenty-two new co-operatives were incorporated during 2003–2004 — one in financing, one pre-school, two in development, two in housing, five worker, ten service and one in farming. There were also two amalgamations. In all, there were 1,721 co-operatives in Ontario as of March 31, 2004.

At fiscal year end, 600 mortgage brokers were registered in the province, up from 414 the year before. These 600 brokers employed approximately 5,100 agents.

1 Under Ontario Regulation 76/95 of the *Credit Unions and Caisses Populaires Act, 1994*, credit unions and caisses populaires are required to maintain adequate regulatory capital, that is, capital equal to at least five per cent of total assets. Under FSCO policy, this is determined using a set of rules based upon standards developed by the Bank for International Settlements (BIS).

Ontario Credit Unions and Caisses Populaires

Measure	*As of March 31, 2004*	*As of March 31, 2003*
All Institutions		
Total number	251	262
Total assets	$21.7 billion	$18.3 billion
Institutions with Assets over $10 million		
Number	172	176
Assets	$21.5 billion	$18 billion

Ontario

FSCO at Work

FSCO does a variety of work in fulfilling its mandate to protect consumers and pension plan beneficiaries and support a healthy and competitive financial services industry. The following overview reports on FSCO's work during 2003–2004 in these areas:

1. Licensing and monitoring
2. Enforcement
3. Overseeing pension plans
4. Support for the automobile insurance system
5. Dispute resolution and complaint services
6. Policy development
7. Consumer protection through education
8. Maximizing the effectiveness of organizational resources

1. Licensing and Monitoring

As part of protecting the public, FSCO licenses, registers and monitors individuals and enterprises offering financial services. Through field examinations of insurance companies, pension plans, mortgage brokers, credit unions and caisses populaires, FSCO monitors compliance with legislation and regulations.

During the fiscal year, FSCO conducted 35 pension plan examinations selected according to a risk-based approach.

In 2003–2004, FSCO received more than 20,000 licensing, registration and other applications. Applicants must meet requirements under the relevant statutes, which may include a qualifying examination and continuing education.

Use of FSCO's Internet Application System continued to be strong. By year's end, approximately 43 per cent of all life insurance agent licence renewals were processed over the Internet. This included agents moving from a sponsored agent status to unsponsored agent status.

Licensing and Registration

Activity	*2003–2004*	*2002–2003*
Individuals		
New Licences Issued		
Life agents	3,767	6,343
General agents	829	750
Accident and sickness agents	200	363
Adjusters	175	200
Paralegals	400	n/a
Licences Renewed		
Life agents*	8,004	15,822
General agents*	1,919	1,887
Accident and sickness agents	158	126
Adjusters	1,094	1,156
Moves from Life Agent Level I to Level II	1,697	2,320
Corporations		
New Licences Issued		
Life and general agencies	313	315
Corporate adjusters	7	2
Loan and trust companies	3	4
New insurance companies	7	9
New Registrations Issued		
Mortgage brokers	113	73
Licences Renewed		
Life and general agencies*	871	1,908
Corporate adjusters	120	127
Registrations Renewed		
Mortgage brokers	600	414

* Licences are issued for a two-year term. As a result of changes implemented in 1995, there are high-year and low-year cycles. 2003–2004 was a low year.

Co-operatives		
Offering statements	17	18
New incorporations	22	24
Dissolutions/cancellations	2	49
Credit Unions/Caisses Populaires		
New incorporations	0	1
Applications to change line of business	140	130
Mergers	12	18

Monitoring Activities

Activity	*2003–2004* #	*2002–2003* #
Examinations Conducted		
Insurance companies – solvency	35	35
Statutory accident benefits claims practices	7	14
Pension plans	35	24
Mortgage brokers	52	45
Credit unions/ caisses populaires	3	3
Loan and trust companies	2	2
Police Checks of Agent Licence Applicants	18,583	20,235
Audits re: Life Agent Continuing Education	653	883
Audit re: Errors & Omissions Insurance		
Life agents	1,344	2,288
Paralegals*	282	n/a
Complaint Reviews	141	138

*First year for paralegal errors and omissions audits.

Ontario

2. Enforcement

As part of providing regulatory services to protect consumers and enhance public confidence, FSCO investigates and takes enforcement action where there is non-compliance with legislation and regulations. During 2003–2004, FSCO secured a total of 19 convictions or guilty pleas for offences ranging from acting as a mortgage broker while unregistered, to furnishing false information on an insurance licence application. FSCO continued to take aggressive enforcement action in the pension area, leading to successful prosecutions for non-compliance with filing requirements.

Advisory Boards hold hearings on the conduct and licensing of insurance agents and adjusters, and make recommendations to the Superintendent of Financial Services. The Boards are composed of a representative of insurance agents or adjusters, a representative of insurers and a representative of the Superintendent. The majority of cases are resolved by minutes of settlement, without going to an Advisory Board. In 2003–2004, there were two new requests for hearings before an Advisory Board. The outcomes of these cases were: one matter was carried over to the next fiscal year and then withdrawn; and one matter was heard and a decision rendered. Six hearings were held during 2003–2004 on requests from the previous fiscal year. Decisions were rendered in two cases. One case was carried over to the next fiscal year. Three were withdrawn.

Enforcement Actions

Type	*2003–2004*	*2002–2003*
Licences Revoked	14	12
Licences Surrendered	28	23
Licences Suspended	15	15
Prosecutions Completed	26	19
Cease and Desist Orders	2	1
Licence Conditions via Minutes of Settlement	3	4
Letters of Censure	44	68
Revocation of Agent Sponsorship	10	5
TOTAL	142	147

3. Overseeing Pension Plans

The Pension Division monitors and enforces compliance with the *Pension Benefits Act* and Regulations, which, among other things, sets minimum standards for the administration and funding of pension plans provided for persons employed in Ontario. Under the Act, the Superintendent of Financial Services makes regulatory decisions on various plan transactions.

The Pension Division processes routine pension plan filings, which totalled 18,314 in 2003–2004. When companies become insolvent, the Superintendent normally appoints a third-party administrator to ensure that the plans are properly wound up. As of March 31, 2004, the Pension Division was coordinating the administration of 212 pension plans for insolvent companies.

Also administered by FSCO, the Pension Benefits Guarantee Fund (PBGF) is a pension protection fund established under the Act. The PBGF provides a minimum level of protection to members of most Ontario registered single employer defined benefit plans when a plan winds up in whole or in part and the pension fund does not have sufficient assets to pay the promised pensions. PBGF financial statements may be found on pages 51–60 of this annual report.

In addition to the work described above, the Pension Division processed the following transactions in the fiscal year of 2003–2004.

FSCO: Pension Plan Transactions Processed

Type	*2003–2004*	*2002–2003*
New Plans Registered		
Defined Benefit	205	134
Defined Contribution	116	122
Total	321	256
Plan Amendments Registered	2,465	2,652
Full Wind-ups Processed		
Defined Benefit	93	102
Defined Contribution	145	161
Total	238	263
Partial Wind-ups Processed		
Defined Benefit	70	48
Defined Contribution	45	41
Total	115	89
Plan Mergers/Asset Transfers Approved		
Defined Benefit	86	129
Defined Contribution	47	61
MEPP	2	3
Total	135	193
Surplus Refunds to Employers on Full Wind-up Applications		
Defined Benefit	23	9
Defined Contribution	2	4
Total	25	13

Pension Benefits Guarantee Fund

Claims Paid	*2003–2004*	*2002–2003*
Number	15	10
Total value	$136,368,067	$2,923,005

Risk-Based Pension Supervision

The database and risk selection system for monitoring the funding of defined benefit pension plans is in its third year of operation. The system has enhanced FSCO's capabilities in monitoring and ensuring compliance with the funding requirements prescribed under the Act, further protecting the interests of plan beneficiaries.

Highlights of the risk-based funding monitoring in 2003–2004 were:

- actuarial information summary reports for 1,414 plans were entered and screened through the system;
- out of the 1,414 plans, the system gave warning signals of possible problems with 691 plans;
- FSCO took regulatory action on 179 plans where material compliance concerns were revealed;
- FSCO uncovered a total of $47.7 million in unpaid contributions in respect of 46 plans, which have since been remitted to the pension plans by the plan sponsors; and
- compliance has been achieved on virtually all of the plans where material compliance concerns were revealed, through remedial actions taken by the plan sponsors, administrators and/or actuaries. As well, the unpaid contributions identified through our risk-based review have since been remitted to the pension funds by the plan sponsors.

Building on the success of the risk-based supervision of pension plan funding, FSCO commenced the development of a risk-based pension fund investment monitoring program that would focus initially on defined benefit pension plans. FSCO staff have prepared a consultation paper outlining a proposed risk-based investment monitoring model for defined benefit pension plans and a proposed new form that plans would be required to file with FSCO in respect of pension fund investments. The paper will be released for public comment in June 2004, with submissions to be made by July 31, 2004. Our goal is to finalize and implement the investment monitoring program by the end of 2004.

Regulatory Policy Initiatives

The Supreme Court of Canada heard the appeal of *Monsanto Canada v. Superintendent of Financial Services* on February 16, 2004. Staff have completed a comprehensive review of relevant policy statements so FSCO will be able to respond appropriately when a ruling is released.

The following new regulatory policies were published by FSCO:

- Deadline for Early Filing of Actuarial Funding Valuation Reports;
- 2004 LIF Maximum Payment Amount Table; and
- Restrictions on Payments in Deficit Situations.

To ensure that stakeholders were informed about significant issues in a timely manner, update notices were posted on the FSCO website to address:

- Monsanto;
- Final Location for Grow-in Benefits; and
- Applications for Transfer of Assets on Sale or Merger.

In addition, staff worked with regulatory authorities across the country on harmonization initiatives coordinated by the Canadian Association of Pension Supervisory Authorities (CAPSA) and the Joint Forum of Financial Market Regulators.

Enhancing Service

Pension Web Link

To enhance access to information, FSCO introduced the Pension Web Link which allows pension stakeholders to access contact information, general information, as well as certain transactions and filing-related information to most pension plans registered in Ontario. Information related to individual pension plans and plans with less than five active members is not available, due to privacy concerns.

Elimination of Backlog

For at least the past decade, there has been an accumulation of backlog transactions (these are transactions that are not being processed within internal service goals). In the past year, as a direct result of a comprehensive strategy that aimed to eliminate the backlog, PPB was successful in eliminating 97 per cent of the backlog transactions. The strategy included components such as adequate staffing, enhanced training, functional review of core pension processes and more detailed management reports to monitor workload distribution and internal service goals.

As the table below indicates, there has been a significant improvement in all categories. For example, half of the DC applications were processed within eight calendar days for the fiscal year ending March 31, 2004 (compared to 29 days for the fiscal year ending March 31, 2003).

Performance Measures

FSCO established new performance measures related to core pension processes. The performance measure is the median age to process a transaction. For the purposes of the performance measures, a transaction is considered to be processed when a pension stakeholder receives a response from FSCO (such a response could be a compliance letter, an approval or refusal). Thus, the performance measures are not related to how long it takes to close a transaction (since the timeliness of closing a transaction does not only depend on FSCO's review of a transaction but moreover on a pension stakeholder's submission of a complete and compliant application) but rather on how long it takes FSCO to provide a response on the initial submission of the application. The following table provides a summary of the performance measures results. The transactions have been grouped into specific categories. The DC application category includes full and partial wind ups as well as transfer of assets and mergers. The DB application category includes full and partial wind ups, transfer of assets, mergers, surplus reversions, refund of member contributions, refund of employer overpayment. The member inquiry category includes all written inquiries from members and former members. The registration category includes registration of new plans, conversions and early retirement windows. The insolvency category includes transactions such as billings, PBGF declarations and allocations.

Performance Measures

Transaction Category	*Fiscal Year ending March 2004*	*Fiscal Year ending March 2003*	*Percentage change from March 03 to March 04*
	No. of days to process transactions		
DC Applications	8	29	-72%
DB Applications	67	83	-19%
Member Inquiries	14	16	-13%
Registrations	10	27	-63%
Insolvency	25	110	-72%

Financial Hardship Unlocking Section

The Financial Hardship Unlocking Section was created in May 2000 to allow individuals access to their locked-in accounts in certain prescribed conditions of financial hardship. FSCO has seen a steady increase in applications since inception of the program, as outlined below:

	2003–2004	*2002–2003*
Applications Received	9,529	8,226
Applications Approved	8,302	7,155
Applications Refused	42	166

4. Support for the Automobile Insurance System

It is compulsory to have automobile insurance to drive in Ontario. To protect the public interest, FSCO has significant responsibilities in this area.

Automobile Insurance Reforms

In 2003-2004, the Ontario government introduced a series of automobile insurance reforms aimed at stabilizing costs, lowering premium rates and protecting consumers. FSCO assisted the Ministry of Finance in the development and implementation of these reforms through technical, policy and program support. The reforms included:

- the use of Pre-Approved Framework Guidelines for the treatment of certain whiplash related injuries;
- the establishment of a code of conduct, minimum liability insurance coverage, and filing requirements to protect claimants from unqualified and dishonest Statutory Accident Benefits (SABS) representatives;
- changing the deductible that applies to pain and suffering claims from $15,000 to $30,000 (and from $7,500 to $15,000 for *Family Law Act* claims);
- expanding the ability to sue for excess health care costs;
- establishing maximum fee guidelines for the provision of medical and rehabilitation services and various forms under the SABs and for fees charged by Designated Assessment Centres;
- increasing the standard collision deductible to $500; and
- the freezing of automobile insurance rates for private passenger automobiles at levels approved on or before October 23, 2003, along with changes to rate filing and approval requirements under *Automobile Insurance Rate Stabilization Act, 2003 (Bill 5).*

Automobile Insurance Rate Filings Processed

	2003-2004			*2002-2003*		
Section 410/412 Private-passenger automobile	***Major Filings***	***Respond To Market***	***Total***	***Major Filings***	***Respond To Market***	***Total***
Rate filings received	43	6	49	81	48	129
Average number of days between receipt of filing and filing considered complete	5	6	5	9	2	6
Average number of days to review and approve filings	49	13	45	40	11	29
Filings with rate increases	36	6	42	71	46	117
Filings with rate decreases	1	0	1	2	0	2
Filings with no change to rate levels	6	0	6	8	2	10

Reviewing Auto Insurance Rates

To protect consumers, automobile insurers are required to obtain FSCO's approval for changes in their rates or systems for classifying risks. In 2003–2004, the rate review process saved consumers an estimated $206 million, based on the difference between rates as originally submitted and finally approved.

On January 9, 2004, companies were required to submit private passenger automobile insurance rate filings under the requirements of the *Automobile Insurance Rate Stabilization Act, 2003 (Bill 5)* to take into account the cost savings regarding auto insurance reforms. The average change in rate levels for Private Passenger Automobile for filings approved under Bill 5 between January 23, 2004 and March 31, 2004 was –10.15 per cent.

As of March 31, 2004, the average cost of automobile insurance in Ontario was 7.98 per cent higher than a year earlier.

Bill 5

Private-Passenger Automobile	***Simplified Filings***	***Major Filings***	***Total***
Rate filings received	29	2	31
Filings with rate increases	0	2	2
Filings with rate decreases	29	0	29
Filings with no change to rate levels	0	0	0

Non-Private-Passenger Automobile	**#**	**#**
Rate filings received	351	286
Average number of days between receipt of filing and filing considered complete	3	7
Average number of days to review and authorize filings	31*	28
Filings with rate increases	137	204
Filings with rate decreases	162	26
Filings with no change to rate levels	52	56

* Bill 198 Rate Filings under Section 413 are excluded from the average.

Monitoring Designated Assessment Centres

Designated Assessment Centres (DACs) are independent health care providers and facilities that provide impartial assessments of automobile accident injuries to help claimants and insurers resolve disputes about statutory accident benefits. FSCO provides support for the Minister's Committee on the DAC System, which was created by and reports to the Minister of Finance. The Committee appoints DACs to a roster, specifies the types of assessment each can conduct and develops assessment guidelines. FSCO supports the Committee in overseeing and monitoring DACs and reviewing complaints about DACs.

During 2003–2004, a new Medical/Rehabilitation Assessment Manual was released that introduced a new process for fast-track and staged focussed medical/rehabilitation DAC assessments. With the release of this new manual, medical/rehabilitation DACs were also required to enter into a service level agreement that introduced new quality and service delivery standards.

FSCO also implemented a new electronic reporting system for DACs. This new web-based application enables DACs to report their activity from any computer with Internet access. The new system also captures new information to reflect recent changes in the regulation (such as Fast-Track DACs) and new injury and treatment codes found on claims forms.

As a result of recent changes to the Statutory Accident Benefits Schedule (SABS), there is a new process for selecting a DAC. In September 2003, FSCO released a Guideline that describes the new process to be used to request that the Superintendent select a DAC. Recently, the process has been replaced by an on-line selection system that selects a DAC within seconds of submitting the information via FSCO's web site at www.fsco.gov.on.ca.

*Designated Assessment Centres**

Measure	*2003*	*2002*	*2001*
Total number of DACs	107	107	108
Referrals to DACs	20,920	18,703	13,355
Assessments completed	16,101	13,410	9,750
Number of complaints reviewed by FSCO	110	115	142

*Activity recorded on a calendar year basis.

SABS Representatives Activity

In 2003, FSCO introduced new regulations affecting Statutory Accident Benefits (SABS) representatives to protect claimants from unqualified and dishonest representatives. These new regulations and related guidelines establish and document the procedures to deal with stakeholder complaints regarding SABS representatives who fail to conduct themselves in accordance with the *Insurance Act*, Regulations and Code of Conduct.

The regulations require SABS representatives to file information required by the Superintendent with FSCO; carry errors & omissions liability insurance coverage of $1,000,000 in respect of any one occurrence; and refrain from acting for any individual who they know, or ought reasonably to know, has a catastrophic impairment as defined in the SABS.

A SABS representative who fails to file or fails to update the filing as required, is in violation of the *Insurance Act* and is not entitled to act as a SABS representative. FSCO also regularly undertakes audits on the information received from SABS representatives. During the period, 240 audits were conducted of SABS representatives to ensure that they met the requirements for E&O insurance.

The *Code of Conduct for Statutory Accident Benefit Representatives* (Code), issued by the Superintendent, sets out the standards of conduct expected of SABS representatives, regardless of whether they appear in dispute resolution at FSCO. The Code also includes requirements set out in legislation and regulation so as to be a comprehensive document.

Protection in Accidents Involving Uninsured Motorists

To help victims of auto accidents involving uninsured or unidentified vehicles, FSCO administers the Motor Vehicle Accident Claims Fund (MVACF). The fund provides compensation to persons injured in automobile accidents involving uninsured or unidentified vehicles, where the person has no access to insurance coverage.

MVACF is financed by a one-dollar levy on each Ontario driver's licence issued or renewed annually. It also recovers third-party liability payments from uninsured motorists responsible for accidents, and arranges for the suspension of the driver's licences of motorists who are in default.

MVACF's financial statements appear on pages 61–72 of this annual report.

Motor Vehicle Accident Claims Fund Activities

Measure	*2003–2004*	*2002–2003*
Number of claims	573	542
Total cash payouts	$10.7 million	$12.0 million
Total statutory accident benefits claims	335	289
Total statutory accident benefits payments	$7.6 million	$8.5 million
Total third-party liability payments for bodily injury and property damage	$3.1 million	$3.5 million
Collection of repayments	$1.9 million	$2.1 million
Suspended driver's licences	490	575
Reinstated driver's licences	327	407
Repayments processed	10,910	11,958
Debtors making payments	1,274	1,396
Active accounts receivable	1,810	1,857

5. Dispute Resolution and Complaint Services

Ready access to effective options for addressing complaints and resolving disputes is important to public confidence. Consumers expect efficient and timely services to help them deal with complaints and disputes. FSCO's Dispute Resolution Services respond to this need regarding statutory automobile accident benefits. As well, the Office of the Insurance Ombudsman oversees Ontario's system of complaint handling for all types of insurance. (See the Report of the Office of the Insurance Ombudsman on page 29 of this annual report.)

Resolving Accident Benefits Disputes

FSCO's Dispute Resolution Services were established in 1990 as part of the no-fault automobile insurance system. A full range of options for resolving disputes about statutory accident benefits is provided including mediation, arbitration, neutral evaluation, appeal and variation/revocation.

The first step in the process is mediation, which is mandatory. No one can take a dispute to arbitration or to court without participating in mediation at FSCO. Disputes that are not resolved at mediation can go to court, private arbitration or arbitration at FSCO. Only the insured person can choose FSCO arbitration.

Decisions of FSCO arbitrators can be appealed by either party to the Director of Arbitrations on a question of law. There is no further appeal from a decision of the Director or his/her delegate, although judicial review may be available. As well, a variation/revocation process is in place to deal with situations where the insured person's condition has changed significantly since the original decision, new evidence has become available, or there is an error in the order.

Dispute Resolution Services Activities

Measure	*2003–2004*	*2002–2003*
Mediation		
New applications received	16,305	16,049
Cases closed	17,283	14,917
Settlement rate — full	45%	52%
Settlement rate — partial	17%	14%
Arbitration		
New applications received	2,114	1,736
Cases closed	1,856	1,804
Settled	1,648	1,558
Decisions issued	142	138
Appeals		
New applications received	49	47
Cases closed	54	57
Settled	8	6
Decisions issued	33	40

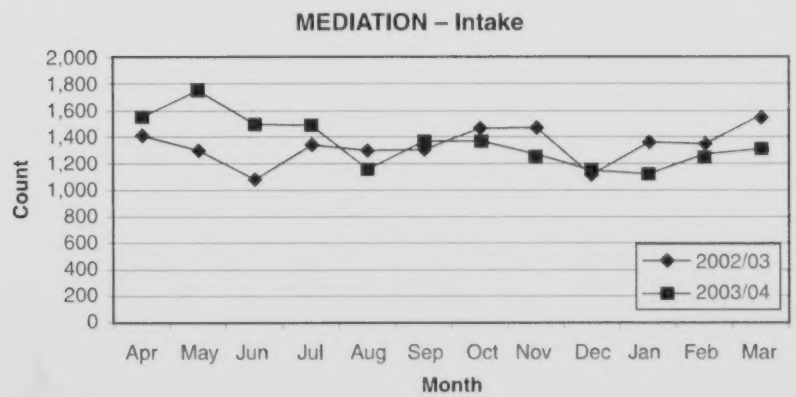
Overall Activity and Auto Reform Impacts Service in 2003–2004

Mediation activity peaked in the first quarter of 2003 at 28 per cent more applications over the first quarter of 2002 due to anticipated regulation changes resulting from auto reform. Service delivery commitments were challenged but stabilized by the end of the third quarter. Backlog elimination initiatives resulted in a 16 per cent increase in the number of cases dealt with and closed over the previous year. The last half of the year showed a levelling off of incoming applications but still at elevated rates over fiscal 2002–2003.

New restrictions on settlements within the first year after a motor vehicle accident, implemented in October 2003, resulted in a lowering of full settlement outcomes at mediation to 45 per cent down from 52 per cent in the previous year.

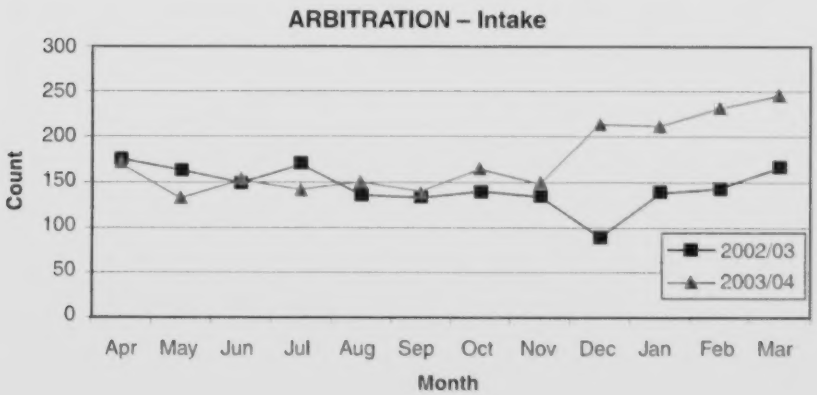
In November 2003, paralegals became subject to new filing requirements and restrictions. Mediation Services developed procedures and reports to ensure their activity in mediation conformed to these requirements. Enhancements to our case management program were developed to assist with this monitoring and notification process.

The number of applications for arbitration remained steady during the first two quarters of this fiscal year. From the third quarter, it started to rise and presented an unprecedented increase of 38 per cent over the first half year, resulting in an overall increase of 21.8 per cent compared to the previous year. This increase is as a result of the 24.5 per cent increase in 2002 over 2001 and the 28 per cent increase in the first quarter in the mediation volume which started moving into arbitration. This significant increase in the number of new cases had an impact on availability for dates for pre-hearings resulting in the delay in pre-hearing proceedings.



Overall, the settlement rate during the arbitration stage increased by 6.1 per cent, with 53.4 per cent of the cases settled up to the pre-hearing stage. The proportion of decisions issued within the published time frame of 85 days after the conclusion of the hearing remained steady (73 per cent from 75 per cent). The median time for decisions with reasons to be issued decreased slightly from 56 to 53 calendar days.

Appeals applications received remained steady to the prior year — 49 appeals applications were received and 54 cases were closed.



6. Policy Development

FSCO plays a dual policy development role. Based on our monitoring of business and consumer trends in the sectors we regulate, FSCO makes recommendations to the Government for changes to the legislation governing those sectors. FSCO also develops regulatory policy to guide the ongoing administration of the legislation in its mandate. Moreover, FSCO supports the harmonization of financial sector regulatory policy at the national level through our involvement in the Canadian Council of Insurance Regulators (CCIR), the Canadian Association of Pension Supervisory Authorities (CAPSA), and the Joint Forum of Financial Market Regulators.

In 2003–2004, FSCO was involved in a number of projects that promote a coordinated national approach to regulatory issues. With CCIR, FSCO has worked on updating the licensing regime for insurance agents and brokers. As a member of the Joint Forum of Financial Market Regulators, FSCO has worked to develop voluntary rules for financial intermediaries to follow in their dealings with clients, to develop guidelines for capital accumulation plans, and to revise and harmonize point of sale disclosure requirements for segregated funds and mutual funds. With CAPSA, FSCO staff played a key role in developing a model pension law for all jurisdictions and in further developing harmonized guidelines for the governance of pension plans.

In 2003–2004, FSCO, in conjunction with the Ministry of Finance, developed legislative and regulatory changes to address a number of issues in the financial services field. New regulatory and filing requirements were introduced, including a mandatory code of conduct, for paralegals that represent automobile accident victims in FSCO's dispute resolution process. A series of changes were made in the automobile insurance area including a legislative freeze on automobile insurance rates, and following that a legislated reduction in automobile insurance rates. A number of regulation amendments were also made to help contain costs and allow savings to be passed on to Ontario motorists. FSCO staff also worked with other Ministries on legislative changes that dealt with cross-sectional issues and touched on areas that are within FSCO's mandate.

For example, the Ministry of Consumer and Business Services (MCBS) sought comments from MOF and FSCO on the insurance related provisions of a proposed regulation under the *Funeral, Burial and Cremation Services Act*. Also, FSCO worked with the Ministry of Health and Long Term Care to review Bill 31, *Health Information Protection Act, 2003*, and identified potential implications for financial services industries. In 2004–2005, FSCO will continue to facilitate the resolution of any outstanding concerns raised by stakeholders.

An important part of policy development for FSCO is regular communication and consultation with representatives of the regulated sectors. This communication takes place both through regular advisory committee meetings and through more informal measures. In 2003–2004, a committee was set up to discuss issues related to the availability and affordability of insurance. The committee has met regularly throughout the year and has given FSCO an opportunity to discuss issues on a timely basis directly with representatives of the insurance industry and consumers.

7. Consumer Protection through Information

Consumer education is a vital part of consumer protection in the financial services field. When dealing with such complex products and services, and with decisions that can have a long-term impact, having access to current, accurate and trustworthy information is of great importance to the consumer. A key element of FSCO's mandate is consumer protection, and FSCO has made a renewed focus on consumer issues a priority over the last year, particularly in the area of auto insurance. FSCO produces several

consumer publications, including: FSCO — *Somewhere to Turn, Your Pension Rights, Shopping for Car Insurance, Shopping for Travel Health Insurance,* and *Dispute Resolution — A Real Alternative,* as well a new guide to identifying car insurance scams. These brochures are available both electronically and in print, and all are currently being redesigned with a focus on making them more consumer-friendly. FSCO also arranged for consumer articles to be distributed to Ontario daily and community newspapers and local radio and television stations. Further, FSCO had a significant presence at the 2004 Toronto Auto Show as a means of engaging with the public and increasing awareness of the information it has available.

The means that many consumers use to find information from FSCO is the website, www.fsco.gov.on.ca. This site includes electronic versions of consumer brochures, FSCO bulletins, lists of licensed insurance agents, updates on recent changes to financial services legislation and regulation, and extensive information on Ontario's automobile insurance system. Because of the importance of the website, FSCO has engaged in a redesign that is aimed at making it easier to use and understand, improving the organization of information, and identifying the priorities of those who use it. As part of this effort, FSCO has done a great deal of research and consultation to ensure the final product meets the needs of the public. FSCO is also developing an automobile insurance web portal, www.autoinsurance.gov.on.ca, for consumers that will go live in 2004.

8. Maximizing Effectiveness of FSCO's Resources

As part of fulfilling its mandate to support a healthy and competitive financial services industry, FSCO is committed to providing value for the dollars it has been allocated, and endeavours to make the most of its human, financial and technological resources. FSCO is accountable to its stakeholders for the efficiency and quality of the services it delivers.

Future Leaders

FSCO's staff development program, FUTURES, completed its fifth year of nurturing tomorrow's leaders. Fifteen employees participated in one of three teams to gain leadership experience through corporate projects. One team undertook an employee recognition program. A second team developed a series of learning opportunities for FSCO staff. A third team developed a reference guide for managers.

Enhanced Business Planning

In 2003–2004, FSCO undertook to enhance its annual strategic, business and resource planning process. The development of a comprehensive planning strategy and calendar, allows FSCO to ensure congruity among all components of business planning. The enhanced business planning process creates links between FSCO's mission statement, the Statement of Priorities, the Strategic Plan and its operational objectives. This process involves a review of the Government's and the Ministry of Finance's key priorities, FSCO's core businesses and any new FSCO objectives. Within this process, FSCO identifies the resources required (human, financial, and technology) to execute these objectives and identify any risk factors that could possibly impact their delivery. The overall business planning process provides all of FSCO with interlinked and consistent information.

IT Platform Migration Project

The objective of this project is to redevelop FSCO's Visual Fox Pro (VFP) systems to a new technology platform including a new data base management system. Major benefits are expected to be achieved in the areas of lower costs as a result of reduced systems development time frames, improved system and network performance, enhanced system security, and the increased availability of skilled developers. After an extensive analysis of available options, a business case was drafted and has been approved by FSCO senior management. The next and final step in the approval process is to gain Ministry of Finance

approval. This is anticipated to take place by the end of June, 2004. Currently, project plans are being developed and resources are being identified to deliver the first phase of the project which includes the acquisition and implementation of the hardware and software, and the redevelopment of the first major system. The target date for this phase is nine months after final approval of the business case, April, 2005. Subsequent phases of the project will include the redevelopment of the remaining VFP systems. While the phases of the project evolve, a strategy is in place to address minor development work, including maintenance and enhancements to the existing systems to ensure they meet business needs during the transition.

Business Process Review

In 2003–2004 the Business Process Review Branch continued to work with FSCO business areas to improve service delivery to both internal and external clients. The Business Process Review Branch improves operations by analyzing and modifying service delivery processes and providing project management expertise.

Key examples this year include the development and implementation of the Paralegal Filing System; the DAC Selection System; the Pension weblink; ongoing development work on the Dispute Resolution Services Branch e-filing system; an operational review of FSCO's Assessment and Revenue processes in the Corporate Services Branch; and process improvements to create internal efficiencies.

A Commitment to Quality Service

Reflecting a commitment to providing quality service in performing its regulatory activities, FSCO's Quality Service program continued to work to promote the government-wide initiative to make the Ontario Public Service a more customer-focused organization. FSCO participates in the Ministry of Finance Quality Service Council and has an internal Quality Service Committee which brings together representatives from each branch to champion quality service initiatives and promote adherence to the Ministry's Common Service Standards. FSCO's Quality Service program is closely linked with Bright Ideas, FSCO's employee suggestion program. Bright Ideas has approved for implementation 46 suggestions from staff to improve customer service, eliminate unnecessary processes and improve the workplace. One of the early Bright Ideas submitted resulted in Talk of the Town, FSCO's Toastmasters Club, which recently celebrated its first anniversary.

In early 2003, Premier McGuinty called upon the OPS for ideas and FSCO's staff responded. More than 70 staff gathered at Lunch & Learn brainstorming sessions over three days in late January. From those sessions, more than 50 unique ideas and suggestions relating to the future delivery of government programs and services were identified.

FSCO is a vibrant organization with a culture of innovation that has been recognized both within and outside the OPS. FSCO was recognized with silver and bronze certificates at the 2003 Public Sector Quality Fair for Bright Ideas and FSCO FUTURES.

For the second consecutive year, FSCO staff were honoured with a prestigious award in recognition of their United Way fund-raising efforts. As a result of a very successful 2003 campaign, FSCO was presented with the award for the most improved United Way campaign in the OPS for organizations with less than 500 employees. FSCO's campaign raised more than $60,000 for the United Way of Greater Toronto, well exceeding the 2002 total of $41,300 for which FSCO received a United Way Spirit Award.

Report of the Office of the Insurance Ombudsman

The Office of the Insurance Ombudsman (OIO) supports FSCO's broad mandate of ensuring consumer protection and public confidence by providing a single window for consumers to turn to when they have a problem with an entity regulated by FSCO.

The branch provides a range of market conduct services including: investigations into allegations of misconduct by insurance companies, agents and adjusters, paralegals representing Statutory Accident Benefits claimants and health service providers involved in auto insurance claims; market analysis to inform the development of consumer education material and promote insurance industry best practices; complaint resolution services for provincially incorporated insurers; and responses to telephone, e-mail and written inquiries about the regulated sectors and programs offered by FSCO. The OIO also oversees Ontario's consumer complaint handling system to ensure insurance consumers receive a high level of complaint resolution services.

1. Oversight Responsibility On Company Complaint Handling

The OIO oversees Ontario's complaint handling system for insurance consumers. Under the system, insurance companies are required to:

- Have a protocol that provides consumers with a clear view of an insurance company's complaint handling procedures and contains information on how to file a complaint with a company, who to contact, how long the procedures might take, and the next steps for complaints that remain unresolved.
- Make consumers aware of the protocol and to communicate their protocol to all front line staff in order to assist consumers with complaints.
- Have a Company Complaint Officer to oversee the company's complaint handling process and act as a link with the OIO. FSCO posts the names of these individuals on its web site to assist consumers with complaints.
- Collect and report complaint data to FSCO quarterly.

If a consumer is unable to resolve the complaint with the insurance company, he or she can request a letter from the Company Complaint Officer stating the company's final position on the complaint. The Company Complaint Officer must also advise the consumer of his or her right to have the complaint reviewed by a third party and provide the name and details of the independent OmbudService that can review the complaint.

Each insurance company is required to file with the OIO the name of the independent third party they use. Most insurance companies are members of an OmbudService under the Financial Services OmbudsNetwork (FSON). For unresolved complaints involving Property and Casualty member companies, the independent third party for complaints is the General Insurance OmbudService (GIO). Unresolved complaints involving a Life and Health member company may be taken to the Canadian Life and Health Insurance OmbudService (CHLIO). For unresolved complaints involving companies that are not members of the FSON, the OIO is generally the independent third party.

Ontario

2. Insurance Complaint, Inquiry and Review Activity

Insurance Inquiry and Complaint Activity

The number of reviews during 2003–2004 were less than during the previous year as a result of the creation of Financial Services OmbudsNetwork which deals with insurance complaints through the Canadian Life and Health Insurance OmbudService and General Insurance OmbudService.

During 2003–2004, the OIO received 17,450 telephone inquiries and 749 written complaints about insurers' products or business practices. The majority (637) of the complaints had not gone through the company complaint handling process. In these cases, the OIO referred the consumer back to their company.

Activity	*2003–2004*	*2002–2003*
Inquiries	17,450	11,074
Complaints and Protocol Incomplete	749	998
Total	18,199	12,072
Reviews Started (complaints only)	112	282
Reviews Closed	81	288

Complaints Reviewed

In reviewing unresolved complaints, the OIO uses a variety of conflict resolution tools such as fact-finding, analysis and negotiation. The OIO completed a total of 81 complaint reviews in 2003–2004. In 24 cases, the OIO identified concerns about a company's business practices and made recommendations for change. In the majority of cases, the recommendations made by the OIO were accepted and implemented by the companies. Here are some examples:

- A consumer reported that her automobile policy was not renewed due to her husband's two at-fault accidents. After the consumer complained to the company, the insurer offered to renew the policy and in consideration of her husband's accidents applied a 20 per cent surcharge which reduced her driving record from a six to a zero star rating and resulted in a substantial premium increase. Her husband's vehicle was written off and not replaced following the second accident, and he subsequently gave up his driver's license due to his advanced age. The OIO complaint officer reviewed the insurance company's underwriting and rating rules filed with FSCO and concluded that the consumer should not have been rated for her husband's accidents. According to rules filed, the premium should be established on the basis of the driving record of listed drivers only and not include any premium adjustment that would have been required due to the driving record of someone no longer licensed to drive. The complaint officer reviewed this matter with the insurance company and the consumer's six star rating was restored.
- A consumer's claim for compensation for a motorized watercraft's engine damage was denied. The company's position was based on their appraiser's assessment that the cause of damage was wear and tear. The consumer argued the engine was vandalized while being winterized at a mechanic's shop. The consumer subsequently provided documentation from the mechanic's shop. Based on this new information, the OIO recommended the company reconsider the evidence in making their decision. The company decided to meet the consumer halfway and pay for 50 per cent of the loss.
- A consumer received an auto policy renewal nine days prior to the renewal date. His rates had increased due to the company's assessment of fault for an accident that occurred in the prior term. The OIO officer confirmed that the company had not provided the notice 30 days in advance in accordance with Section 231(1) of the *Insurance Act*. In reviewing the case, the officer determined that this was an isolated incident. Additionally, the OIO noted that the company did not have procedures in place for communicating to the claimant the company's assessment of fault and the impact of that assessment on rating. The OIO recommended that the company extend the current term to provide the consumer with an explanation of why he was considered at fault for his accident. The company agreed with both recommendations.

Ontario

Review Results 2003–2004

Disposition	*Files (#)*	*Proportion*
Business Practices Acceptable	45	55%
Office of the Insurance Ombudsman Recommendations Made	24	30%
Procedures Explained to Consumers	7	9%
Others	5	6%
Total	81	100%

3. Insurance Agent Conduct Activity

In responding to complaints and reports of insurance agent misconduct and non-compliance with insurance law, the OIO found grounds to recommend investigation in 65, or about half, of the 140 cases closed in 2003–2004. These figures were similar to those of previous years.

4. Paralegal / SABS Representative Activity

Effective November 1, 2003, anyone who acts as an adviser, consultant or representative on behalf of a person concerning a claim for Statutory Accident Benefits, must meet certain requirements. These include filing a declaration with FSCO, having errors & omissions insurance coverage and adhering to a Code of Conduct. The OIO receives and responds to complaints and reports of misconduct of these paralegals/SABS representatives. From November 1, 2003, to the end of the fiscal year, 41 complaints and reports of paralegal conduct were received.

5. Single Window Access

The OIO receives, responds and tracks FSCO's written complaints about the other regulated sectors: credit unions and caisses populaires, loan and trust companies, cooperatives, mortgage brokers and pension plans.

Complaints Involving Non-Insurance Sectors 2003–2004

Sector	*Complaints*	*Proportion*
Pension	28	57%
Mortgage Brokers	20	41%
Credit Unions	1	2%
Loan & Trust	0	0%
Co-operatives	0	0%
Totals	49	100%

Ontario

Report of the Financial Services Tribunal

The Financial Services Tribunal (FST) is an independent adjudicative body that hears appeals or reviews of regulatory decisions or proposed decisions of the Superintendent of Financial Services. These proceedings are conducted at the request of affected parties.

The FST is comprised of the Chair and two Vice-Chairs (who are also the Chair and Vice-Chairs of FSCO) and up to 12 additional members, all appointed by the Lieutenant Governor in Council. Biographical sketches of current FST members may be found on FSCO's website at www.fsco.gov.on.ca.

The FST is committed to providing an expert, impartial hearing process that is accessible, prompt and fair. Its proceedings are guided by its own Rules of Practice and Procedure, Practice Directions and also by the *Statutory Powers Procedure Act*. The FST has exclusive jurisdiction to determine all questions of fact or law that arise in any proceeding before it.

The FST is in the process of revising its Rules of Practice and Procedure and developing conflict of interest guidelines. A Legal Advisory Committee has been created to act as a sounding board, from time to time, on issues relating to the FST's adjudication functions.

The FST has adopted streamlined procedures for responding to requests for hearings on decisions of the Superintendent regarding access to locked-in funds in cases of financial hardship. As a result, these requests for hearings are treated as a priority to ensure they are dealt with quickly and decisions issued promptly.

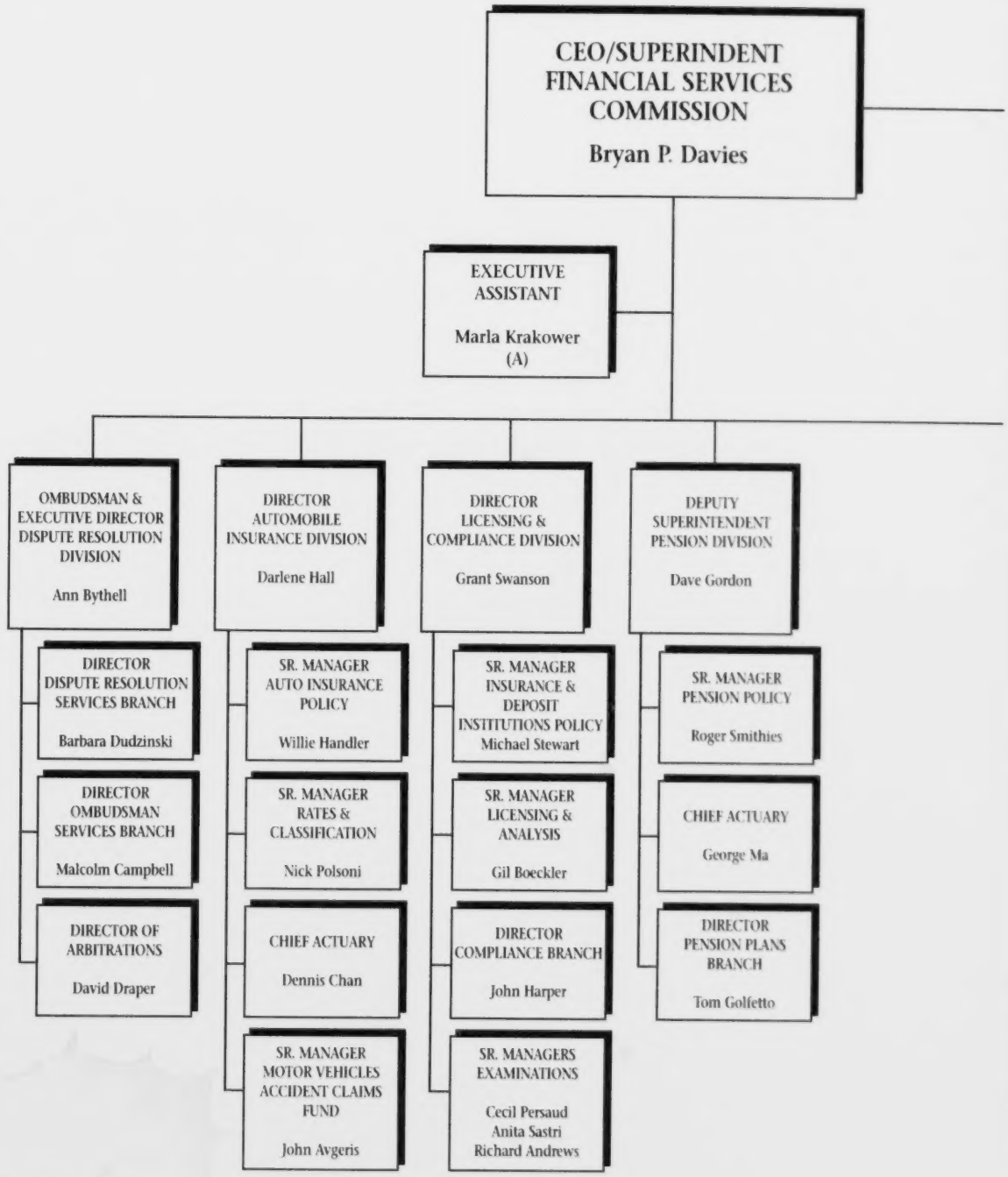
The FST's hearing schedule and decisions, along with its Rules of Practice and Procedure and Practice Directions, are posted online, at FSCO's website, for the convenience of hearing participants.

Financial Services Tribunal Activities 2003–2004

Activity	*Pension Matters (Excluding Financial Hardship)*	*Pension Matters (Financial Hardship)*	*Mortgage Brokers Matters*	*Insurance Matters*	*Total*
Number of new cases received	8	4	0	3	15
Number of oral hearings days held	16	0	2	0	18
Number of written hearings	0	5	0	0	5
Number of other activity days. Includes: adjournments, pre-hearing conferences, telephone conferences and motions.	25	0	5	4	34
Total hearing (oral and written) and activity days before the Tribunal	**41**	**5**	**7**	**4**	**57**
Files closed	7	5	1	1	14

Notes:

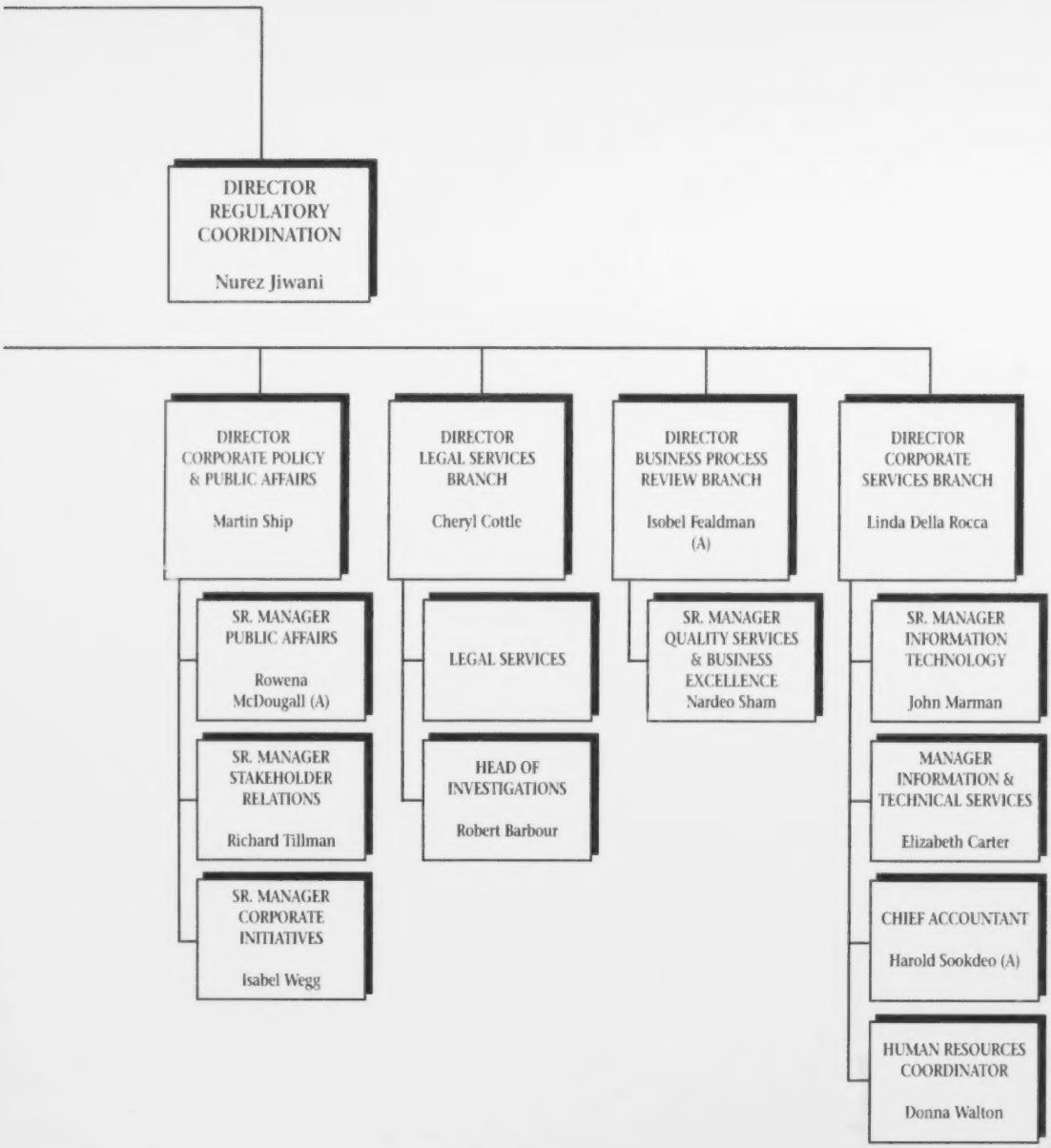
1. Table does not include FST quarterly meetings, days for deliberation or decision writing.
2. Numbers may reflect activity in respect of files opened prior to 2003–2004 fiscal year.
3. Hearings for financial hardship cases are conducted through the exchange of written documents only, unless the applicant requests the hearing be conducted in a different manner.



Effective March 1, 2004

Financial Services Commission of Ontario

Organization Chart



FINANCIAL SERVICES COMMISSION OF ONTARIO

FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2004

Office of the Provincial Auditor of Ontario

Ontario

Office of the
Provincial Auditor
of Ontario

Bureau du
vérificateur provincial
de l'Ontario

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B.P. 105, 15e étage, 20, rue Dundas ouest, Toronto (Ontario) M5G 2C2
(416) 327-2381 Fax: (416) 327-9862

Auditor's Report

To the Financial Services Commission of Ontario
and to the Minister of Finance

I have audited the balance sheet of the Financial Services Commission of Ontario as at March 31, 2004 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commision as at March 31, 2004 and the results of its operations and its cash flows for the year then ended, in accordance with Canadian generally accepted accounting principles.

Toronto, Ontario
November 26, 2004

Gary R. Peall, CA
Acting Assistant Provincial Auditor

FINANCIAL SERVICES COMMISSION OF ONTARIO

BALANCE SHEET
For the Year Ended March 31, 2004

	2004 ($000s)	2003 ($000s)
Assets		
Current		
Cash	7	7
Accounts receivable	36, 802	27,380
Prepaid expenses	96	118
	36,905	27,505
Capital assets, net (Note 3)	3,294	2,326
	40,199	29,831
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities	3,139	2,129
Deferred revenue (Note 4)	3,501	4,260
Net Assets		
Invested in capital assets	3,294	2,326
Investment by the Province	30,265	21,116
	33,559	23,442
	40,199	29,831

Commitment and Contingencies (Note 8)

See accompanying notes to the financial statement.

Approved by:

CEO and Superintendent
Financial Services Commission of Ontario

FINANCIAL SERVICES COMMISSION OF ONTARIO

STATEMENT OF OPERATIONS
For the Year Ended March 31, 2004

	2004 ($000s)	2003 ($000s)
Revenue (Note 5)		
Assessments	23,395	20,836
Annual fees for pension plans	11,118	8,070
Fees and licences	5,355	5,165
Registrations	926	752
Other	112	89
	40,906	34,912
Expenses		
Salaries and wages	24,582	22,709
Employee benefits	2,996	4,379
Transportation and communication	779	812
Services	11,293	11,066
Supplies and equipment	698	700
Amortization	434	1,626
Bad debt expense	19	17
Transfer payment	20	20
	40,821	41,329
Less: Recoveries (Note 7)	2,283	1,825
	38,538	39,504
Excess of expenses over revenue	2,368	(4,592)

See accompanying notes to the financial statement.

FINANCIAL SERVICES COMMISSION OF ONTARIO

STATEMENT OF CHANGES IN NET ASSETS
For the Year Ended March 31, 2004

	2004 ($000s)			2003 ($000s)
	Invested in Capital Assets	Investment by the Province	Total	Total
Balance, beginning of year	2,326	21,116	23,442	23,649
Acquisition of capital assets	1,402	(1,402)	—	—
Excess of expenses over revenue	(434)	2,802	2,368	(4,592)
Contribution from the Province (Note 9)	—	7,749	7,749	4,385
Balance, end of year	3,294	30,265	33,559	23,442

See accompanying notes to the financial statement.

Ontario

FINANCIAL SERVICES COMMISSION OF ONTARIO

STATEMENT OF CASH FLOWS
For the Year Ended March 31, 2004

	2004 ($000s)	2003 ($000s)
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES		
Cash flows from operating activities		
Excess (deficiency) of revenue over expenses	2,368	(4,592)
Amortization	434	1,626
	2,802	(2,966)
Changes in non-cash working capital		
Accounts receivable	(9,422)	(1,400)
Prepaid expenses	22	(34)
Accounts payable	1,010	(28)
Deferred revenue	(759)	1,251
	(9,149)	(211)
Cash flows from financing activity		
Contribution from the Province	7,749	4,385
Cash flows from investing activity		
Purchase of capital assets	(1,402)	(1,207)
Net change in cash position	0	1
Cash position, beginning of year	7	6
Cash position, end of year	7	7

See accompanying notes to the financial statement.

FINANCIAL SERVICES COMMISSION OF ONTARIO

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

1. OPERATIONS OF THE COMMISSION

The Financial Services Commission of Ontario (Commission) was established under the *Financial Services Commission of Ontario Act, 1997*. The Commission's mandate is to enhance consumer confidence and public trust in Ontario's regulatory activities governing insurance, pensions, credit unions, trust companies, caisses populaires, co-operatives and mortgage brokers, and also to make recommendations to the Minister of Finance on matters affecting the regulated sectors. The Commission administers the following legislation: *Insurance Act, Pension Benefits Act, Credit Unions and Caisses Populaires Act, Loan and Trust Corporations Act, Mortgage Brokers Act* and *Co-operative Corporations Act.*

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. The significant accounting policies used to prepare these statements are summarized below.

(a) Capital Assets

Capital assets are recorded at cost less accumulated amortization. Amortization is calculated on a straight-line basis over the estimated useful life of the asset, beginning in the year following acquisition, as follows:

Office furniture and equipment	5 years
Computer hardware and related software	2 years
Leasehold improvements	over term of the lease

(b) Revenue Recognition

Assessment revenues from insurance, credit unions, caisses populaires and the loan and trust sectors are recognized when the recoverable costs to administer the various Acts governing these sectors are incurred. The amounts are based on estimated recoverable costs because the actual recoverable costs from the various sectors cannot be determined until the following year.

The Commission recognizes the annual assessment fee due from each pension plan registered in the province based on an estimate because the actual fee cannot be determined until the pension plan files its annual information return six to nine months after the plan's fiscal year end.

Adjustments to revenue, if any, between the amounts recognized based on estimates and actual revenues, are charged to income in the year when the actual amounts are determined.

FINANCIAL SERVICES COMMISSION OF ONTARIO

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires that management make estimates and assumptions that affect the reported amount of assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses for the period. Actual amounts could differ from these estimates.

3. CAPITAL ASSETS

	2004 ($000)			2003 ($000)
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer hardware	2,019	1,246	773	597
Computer software	2,285	239	2,046	192
Office furniture and equipment	107	56	51	73
Leasehold improvements	3,129	3,129	–	–
Computer software under development	424	–	424	1,464
	7,964	4,670	3,294	2,326

4. DEFERRED REVENUE RELATED TO LICENCES AND REGISTRATION

Deferred revenue represents payments received for fees, licences and registrations that cover more than the current fiscal year. The deferred portion is recognized as revenue when the applicable future licence year occurs. The changes in deferred revenue balances are as follows:

	Balance, beginning of year	Received during year	Recognized during year	Balance, end of year
	($000)			
Insurance agents	3,105	2,204	2,863	2,446
Adjusters	22	94	95	21
Mortgage Brokers	369	923	833	459
Corporations	764	518	707	575
	4,260	3,739	4,498	3,501

FINANCIAL SERVICES COMMISSION OF ONTARIO

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

5. REVENUE

For the fiscal year, revenue from the following Acts and regulations made under the Acts administered by the Commission are:

	2004 ($000)	2003 ($000)
Insurance Act		
Insurer assessment	22,072	19,761
Fees, licenses and other	4,105	3,946
Pension Benefits Act		
Annual information return filing fees and registration fees	11,198	8,139
Pension unlocking fees and other	995	833
Credit Unions and Caisses Populaires Act		
Credit Union assessment	1,229	915
Fees and other	359	467
Loan and Trust Corporations Act		
Loan and Trust assessment	94	160
Fees, licenses and registrations	11	34
Mortgage Brokers Act		
Registrations	832	641
Co-operative Corporations Act		
Fees and other	11	16
	40,906	34,912

Ontario

FINANCIAL SERVICES COMMISSION OF ONTARIO

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

6. RELATED PARTY TRANSACTIONS

(a) The Commission's employees are entitled to benefits that have been negotiated centrally for Ontario Public Service employees. The future liability for benefits earned by the Commission's employees is recognized in the Province's consolidated financial statements. These benefits are accounted for by the Commission as follows:

i. **Pension Benefits**
The Commission provides pension benefits for all its permanent employees through participation in the Public Service Pension Fund (PSPF) and the Ontario Public Service Employees' Union Pension Fund (OPSEU Pension Fund) which are both multi-employer defined benefit pension plans established by the Province of Ontario. For the year ended March 31, 2004, the costs of these pension plans were paid by the Management Board Secretariat (MBS) and are not included in these financial statements. In fiscal 2003, $1,344,634 was included in employee benefits in the Statement of Operations in respect of the Commission's contribution to these plans.

ii. **Non-pension Benefits**
For the fiscal year ended March 31, 2004, the legislative severance cost earned by employees was paid by the Province's Management Board Secretariat and is therefore not included in these financial statements. In fiscal 2003, the cost of any legislative severance was recognized as payments were required for eligible employees upon termination of their employment and $335,531 was included in employee benefits in respect of this cost.

(b) Contributions from the Province
Revenue is deposited into the Consolidated Revenue Fund (CRF) of the Province of Ontario on a cash basis. Expenses are paid out of monies appropriated therefor by the Legislature of the Province of Ontario on cash basis. The excess of the cash drawn from the Commission's appropriation to pay expenses and the cash from revenue deposited into the CRF is recorded as Contribution from the Province in the Statement of Changes in Net Assets.

(c) Other administrative expenses
The Ministry of Finance and Management Board of Cabinet also absorb the costs of certain administrative expenses.

FINANCIAL SERVICES COMMISSION OF ONTARIO

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

7. RECOVERIES

The Commission provides administrative and other support services to a number of organizations and recovers the costs of providing these services from the organizations in accordance with the memorandum of understanding or agreement signed with the respective organizations. The Commission, the Motor Vehicle Accident Claims Fund and the Pension Benefits Guarantee Fund are related parties. Details of these recoveries are as follows:

	2004 ($000)	2003 ($000)
Motor Vehicle Accident Claims Fund	1,368	1,096
Pension Benefits Guarantee Fund	246	208
Canadian Association of Pension Supervisory Authorities	177	174
Canadian Council of Insurance Regulators	184	187
Joint Forum of Financial Market Regulators	275	142
Canada Customs and Revenue Agency	33	18
	2,283	1,825

8. COMMITMENT AND CONTINGENCIES

(a) The Commission is committed to minimum lease payments for office space over the next five years as follows:

	($000)
2004/05	3,884
2005/06	3,884
2006/07	3,884
2007/08	3,884
2008/09	2,265
	17,801

FINANCIAL SERVICES COMMISSION OF ONTARIO

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

8. COMMITMENT AND CONTINGENCIES (cont'd)

(b) The Commission is involved in various legal actions arising out of the ordinary course of business. Settlements paid by the Commission, if any, will be accounted for in the period in which the settlement occurs. The outcome and ultimate disposition of these actions are not determinable at this time.

9. SECURITIES ON DEPOSIT

The *Insurance Act* authorizes the Commission to require insurance companies to deposit securities in any amount it considers necessary and on such conditions as it considers proper.

As at March 31, 2004, the face value of the securities held by the Commission under the *Insurance Act* was $7.0 million. Income earned on the securities is paid directly to the insurance companies depositing the securities. These securities and the related income are not recorded in the financial statements.

10. FINANCIAL INSTRUMENTS

The carrying value of cash, accounts receivable, prepaid expenses, accounts payable and accrued liabilities, and deferred revenue approximates fair value due to the short-term nature of these instruments. It is management's opinion that the Commission is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Ontario

FINANCIAL SERVICES COMMISSION OF ONTARIO

FINANCIAL STATEMENTS OF THE PENSION BENEFITS GUARANTEE FUND

FOR THE YEAR ENDED MARCH 31, 2004

Office of the Provincial Auditor of Ontario

Ontario

Office of the
Provincial Auditor
of Ontario

Bureau du
vérificateur provincial
de l'Ontario

Box 105, 15th Floor, 20 Dundas Street West, Toronto, Ontario M5G 2C2
B.P. 105, 15e étage, 20, rue Dundas ouest, Toronto (Ontario) M5G 2C2
(416) 327-2381 Fax: (416) 327-9862

Auditor's Report

To the Financial Services Commission of Ontario
and to the Minister of Finance

I have audited the balance sheet of the Pension Benefits Guarantee Fund of the Financial Services Commission of Ontario as at March 31, 2004 and the statements of operations and fund deficit and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission's guarantee fund as at March 31, 2004 and its operations and its cash flows for the year then ended, in accordance with Canadian generally accepted accounting principles.

Toronto, Ontario
June 4, 2004

Gary R. Peall, CA
Acting Assistant Provincial Auditor

FINANCIAL SERVICES COMMISSION OF ONTARIO

PENSION BENEFITS GUARANTEE FUND BALANCE SHEET
As at March 31, 2004

	2004 ($000s)	2003 ($000s) (Restated Note 7)
ASSETS		
Current		
Cash	620	53
Accounts receivable	61,113	56,106
	61,733	56,159
Investments (Note 3)	554,866	299,991
	616,599	356,150
LIABILITIES AND FUND BALANCE		
Current		
Accounts payable and accrued liabilities	7,378	4,132
Current portion of loan payable	11,000	–
	18,378	4,132
Claims payable	386,401	489,487
Loan payable (Note 5)	319,000	–
	723,779	493,619
Fund deficit	(107,180)	(137,469)
	616,599	356,150

Contingencies (Note 6)

See accompanying notes to financial statements

Approved by:

CEO and Superintendent
Financial Services Commission of Ontario

Ontario

FINANCIAL SERVICES COMMISSION OF ONTARIO

PENSION BENEFITS GUARANTEE FUND STATEMENT OF OPERATIONS AND FUND DEFICIT FOR THE YEAR ENDED March 31, 2004

	2004 ($000s)	2003 ($000s) (Restated Note 7)
Revenue		
Premium revenue	53,374	51,171
Investment income (Note 3)	9,873	10,988
Recoveries	235	103
	63,482	62,262
Expenses		
Claims	33,281	162,766
Pension management fees (Note 4)	326	–
Investment management fees	272	290
Administration fee (Note 4)	301	249
	34,180	163,305
Excess (deficiency) of revenue over expenses before the following	29,302	(101,043)
Unrealized increase in the market value of investments	987	201
Excess (deficiency) of revenue over expenses	30,289	(100,842)
Fund deficit, beginning of year	(137,469)	(36,627)
Fund deficit, end of year	(107,180)	(137,469)

See accompanying notes to the financial statement.

FINANCIAL SERVICES COMMISSION OF ONTARIO

PENSION BENEFITS GUARANTEE FUND STATEMENT OF CASH FLOWS FOR THE YEAR ENDED March 31, 2004

	2004 ($000s)	2003 ($000s) (Note 7)
Net Inflow (Outflow) of cash related to the following activities		
Cash flows from operating activities		
Excess (deficiency) of revenue over expenses	30,289	(100,842)
Less item not affecting cash		
Unrealized gain on investments	(987)	(201)
	29,302	(101,043)
Changes in non cash working capital		
Accounts receivable	(5,007)	(14,464)
Accounts payable and accrued liabilities	3,246	1,251
Claims payable	(103,086)	159,843
	(75,545)	45,587
Cash flows from investing activities		
Purchases of investments	(952,411)	(871,773)
Proceeds from sale of investments	698,523	826,222
	(253,888)	(45,551)
Cash flows from financing activities		
Loan payable	330,000	–
Net change in cash position	567	36
Cash position, beginning of year	53	17
Cash position, end of year	620	53

FINANCIAL SERVICES COMMISSION OF ONTARIO

PENSION BENEFITS GUARANTEE FUND — NOTES TO THE FINANCIAL STATEMENTS — MARCH 31, 2004

1. PURPOSE OF FUND

The purpose of the Pension Benefits Guarantee Fund (the Fund) is to guarantee payment of certain pension benefits of certain defined benefit pension plans that are wound up under conditions specified in the *Pension Benefits Act*, and regulations thereto. The regulations also prescribe the amount of the premiums required to be paid into the Fund by plan sponsors. The Superintendent of the Financial Services Commission of Ontario pursuant to the *Financial Services Commission of Ontario Act, 1997* is responsible for the administration of the Fund.

The *Pension Benefits Act* provides that if the assets of the Fund are insufficient to meet payments for claims, the Lieutenant Governor in Council may authorize the Minister of Finance of Ontario to make loans on such terms and conditions as the Lieutenant Governor in Council directs. The total liability of the Fund to guarantee pension benefits is limited to the assets of the Fund plus any loans received from the Province.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared by the management of the Financial Services Commission of Ontario in accordance with Canadian generally accepted accounting principles. The significant accounting policies used to prepare these statements are summarized below.

(a) Investments

Investments include short-term deposits and fixed income securities issued or guaranteed by the federal and provincial governments and Canadian corporations. Short-term deposits have maturities of less than twelve months. They are recorded at cost which approximates market. Investments in government and corporate bonds are stated at their quoted market value. In aggregate, they are considered short term in nature and can be liquidated at any time to cover claims against the Fund. Premiums or discounts are not amortized.

Unrealized changes in market value reflect the change in unrealized gains or losses that have occurred by holding investments over the year.

FINANCIAL SERVICES COMMISSION OF ONTARIO

PENSION BENEFITS GUARANTEE FUND — NOTES TO THE FINANCIAL STATEMENTS — MARCH 31, 2004

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Claims payable

Claims payable are liabilities to those defined benefit pension plans prescribed by legislation that are wound up or in the process of being ordered wound up under conditions specified in the Pension Benefits Act, and the amounts can be reasonably estimated. They are determined annually through an actuarial valuation using the best estimates of management of the Financial Services Commission of Ontario and represent the present value of future payments to settle the claims for benefits and expenses by eligible pension plans which are at various stages of the wind up process. Adjustments to the liabilities, if any, between the amounts recognized based on estimates and the actual claims made, will be charged or credited to the Fund in the year when the actual amounts are determined.

(c) Premium revenue

The annual premium revenue due from the defined pension plans prescribed by legislation is recognized based on an estimate because the actual revenue cannot be determined until the pension plan files its annual assessment certificate nine months after the plan's fiscal year end.

Adjustments to premium revenue, if any, between the estimated amounts recognized and the actual revenues due are charged or credited to income in the year when the actual amounts are determined.

(d) Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires that management make estimates and assumptions that affect the reported amount of assets and liabilities as at the date of the financial statements and the reported amount of revenues and expenses for the period. Actual amounts could differ from these estimates.

(e) Financial Instruments

Unless otherwise noted, it is the opinion of the management of the Financial Services Commission of Ontario that the Fund is not exposed to significant interest rate, currency or credit risks arising from its financial instruments, and the carrying amount of the Fund's financial instruments approximates fair value unless otherwise noted.

Ontario

FINANCIAL SERVICES COMMISSION OF ONTARIO

PENSION BENEFITS GUARANTEE FUND
NOTES TO THE FINANICAL STATEMENTS — MARCH 31, 2004

3. INVESTMENTS

The Financial Services Commission of Ontario has adopted a Statement of Investment Policies and Guidelines. This statement outlines the purpose of the Fund and provides guidelines for the management of the Fund.

Investments consist of.

	2004 ($000s)	2003 ($000s)
Short term deposits	402,985	125,070
Government and corporate bonds at market value (cost $150,111; 2003 – $174,142)	151,881	174,921
	554,866	299,991

Short term deposits have an average yield of 2.17% (2003 – 2.96%) and government and corporate bonds have an average yield of 3.82% (2003 – 4.42%).

Investment income includes interest earned from interest bearing securities and realized gains/losses from the sale of securities. The realized net gain on the sale of securities amounted to $578,662 (2003 – $839,659). Unrealized changes in the market value of investment is reflected separately on the statement of operations and fund deficit.

4. ADMINISTRATION ADN PENSION MANAGEMENT FEES

The *Pension Benefits Act* allows the Financial Services Commission of Ontario to charge the Fund for expenses it incurs in administering the Fund. During fiscal 2004, administration fees of $301,016 (2003 – $249,298) were paid to the Financial Services Commission of Ontario.

In fiscal 2004, $326,000 was paid from the Fund to a team of experts retained to represent the Fund during the insolvency proceedings of a company whose failure could result in a very significant claim on the Fund by the pension plans of this company.

Administrative services related to the processing of premium revenue are provided by the Ministry of Finance without charge.

FINANCIAL SERVICES COMMISSION OF ONTARIO

PENSION BENEFITS GUARANTEE FUND
NOTES TO THE FINANCIAL STATEMENTS — MARCH 31, 2004

5. LOAN PAYABLE

On March 31, 2004, the Fund obtained a loan of $330 million from the Province. The loan is non-interest bearing, and repayable in thirty equal annual installments of $11 million each, commencing on December 1, 2004. The loan agreement provides for the Minister of Finance to advance any installment payment date depending on the cash position of the Fund.

6. CONTINGENCIES

There are currently three companies operating under a stay under the *Companies' Creditors Arrangement Act* (CCAA) whose pension plans could represent very significant claims on the Fund.

One of these companies declared two of their pension plans wound up effective May 28, 2004 and the potential claim on the Fund for these two plans is estimated to be about $50 million. It is anticipated that this company's remaining pension plans will wind up once the stay under the CCAA is lifted with a further potential claim on the Fund estimated at $65.4 million.

The outcomes of the restructuring efforts of the two other companies and the amount of the potential claims on the Fund are not determinable at this time.

7. CHANGE IN THE BASIS OF ACCOUNTING

Effective April 1, 2003, the Fund adopted Canadian generally accepted accounting principles to prepare its financial statements. This change requires that all revenues and expenses be accounted for on the accrual basis. Previously the financial statements were prepared on a disclosed basis of accounting whereby income and expenses were recorded on a cash basis, with the exception of investment income and unrealized changes in the market value of investments which were recorded on an accrual basis. This change in the basis of accounting has been adopted retroactively, resulting in the following changes to the March 31, 2003 financial statements as previously presented.

Ontario

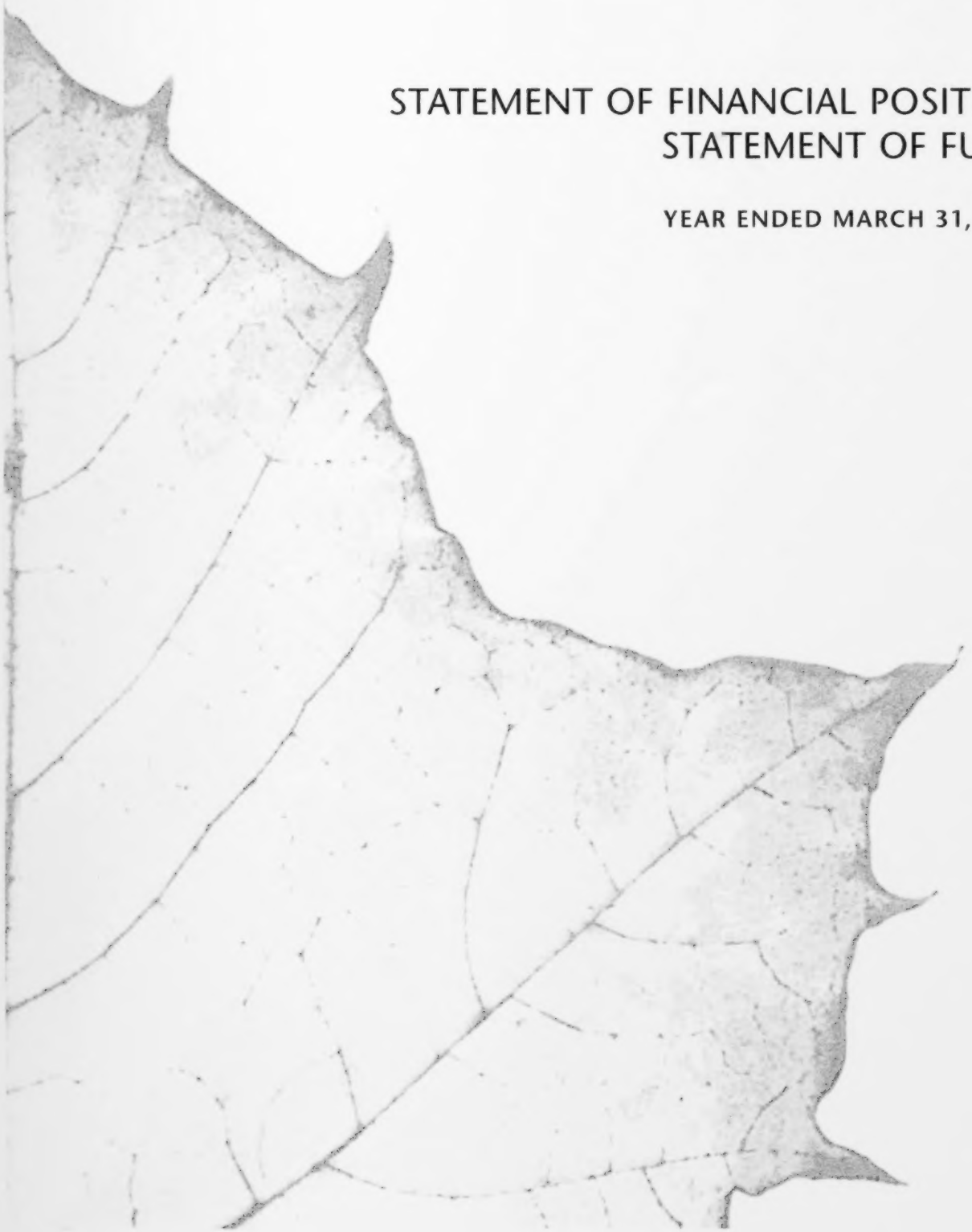
FINANCIAL SERVICES COMMISSION OF ONTARIO

PENSION BENEFITS GUARANTEE FUND
NOTES TO THE FINANCIAL STATEMENTS — MARCH 31, 2004

7. CHANGE IN THE BASIS OF ACCOUNTING (cont'd)

	2003 ($000)		
	As Previously stated	Increase (Decrease)	As Restated
Current assets	–	56,159	56,159
Current liabilities	–	4,132	4,132
Claim payable	–	489,487	489,487
Fund balance (deficit)	301,726	(439,195)	(137,469)
Excess (deficiency) of revenue over expenses	45,282	(146,124)	(100,842)

MOTOR VEHICLE ACCIDENT CLAIMS FUND



STATEMENT OF FINANCIAL POSITION
STATEMENT OF FUND

YEAR ENDED MARCH 31, 2004

Ontario

Deloitte

Deloitte & Touche LLP
BCE Place
181 Bay Street
Suite 1400
Toronto ON M5J 2V1
Canada

Tel: (416) 601-6150
Fax: (416) 601-6151
www.deloitte.ca

Auditors' Report

To the Audit Committee of the Financial Services Commission of Ontario and the Provincial Auditor of Ontario

Pursuant to our appointment as auditor of the Motor Vehicle Accident Claims Fund (the "Fund"), which audit is under the direction of the Provincial Auditor of Ontario, we have audited the statements of financial position of the Fund as at March 31, 2004 and 2003 and the statements of operations and fund deficit and of cash flows for the years then ended. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2004 and 2003 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants

Toronto, Ontario
July 2, 2004

MOTOR VEHICLE ACCIDENT CLAIMS FUND

Management's Responsibility for Financial Information

Management is responsible for the financial statements and all other information presented in the financial statements. The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles, and , where appropriate, include amounts based on Management's best estimates and judgements.

Management agrees with the work of specialists in evaluating the Unpaid Claims amount and has adequately considered the qualifications of the specialist in determining amounts and disclosures used in the noted to financial statements. Management did not give any, nor cause any, instructions to be given to specialists with respect to values or amounts derived in an attempt to bias their work, and we are not aware of any matters that have impacted the independence or objectivity of the specialists.

The Motor Vehicle Accident Claims Fund is dedicated to the highest standards of integrity in provision of its services. Management has developed and maintains financial controls, information systems and practices to provide reasonable assurances on the reliability of financial information and that the assets were safeguarded. Internal audits are conducted to assess management systems and practices and reports are issued to the Superintendent and CEO of the Financial Services Commission of Ontario and his Audit Committee.

The financial statements have been examined by Deloitte and Touche, Chartered Accountants who are engaged under the direction of the Provincial Auditor. The Auditor's responsibility is to express an opinion on whether the financial statements are fairly presented in accordance with Canadian generally accepted accounting principles. The Auditor's report outlines the scope of the auditor's examination and report.

John Avgeris
Senior Manager
Motor Vehicle Accident Claims Fund

Peter McGuinness
Manager of Accounting & Administration
Motor Vehicle Accident Claims Fund

MOTOR VEHICLE ACCIDENT CLAIMS FUND

(Established under the Motor Vehicle Accident Claims Act)

STATEMENT OF FINANCIAL POSITION

	As at March 31, 2004 $	Restated As at March 31, 2003 $
ASSETS		
Funds on Deposit	2,662,452	7,313,973
Accounts Receivable - Fees	927,420	717,294
Accounts Receivable - Debtors	47,804,474	47,729,412
Less: Allowance for Doubtful Accounts	32,047,717	29,511,039
	15,756,757	18,218,373
Computer Equipment	66,096	59,797
Less: Accumulated Amortization	34,591	34,679
	31,505	25,118
Unpaid Claims Recoverable	9,126,391	10,335,646
Total Assets	28,504,525	36,610,404
LIABILITIES & FUND DEFICIT		
Accounts Payable and Accrued Expenses	1,328,839	1,149,257
Deferred Revenue	20,597,057	20,296,827
Unpaid Claims and Adjustment Expenses (Note 5)	125,979,309	129,050,376
	147,905,205	150,496,460
Fund Deficit	(119,400,680)	(113,886,056)
	(119,400,680)	(113,886,056)
Total Liabilities & Fund Deficit	28,504,525	36,610,404

Approved by:

Bryan P. Davies, Chief Executive Officer
and Superintendent of Financial Services
Financial Services Commission of Ontario

MOTOR VEHICLE ACCIDENT CLAIMS FUND

(Established under the Motor Vehicle Accident Claims Act)

STATEMENT OF OPERATIONS AND FUND DEFICIT

	Year ending March 31, 2004 $	Restated Year ending March 31, 2003 $
REVENUE		
Fee on Issue or Renewal of Driver's Licences	8,433,423	8,645,361
Change in Deferred Revenue	(300,230)	(1,587,038)
Fees Earned	8,133,193	7,058,323
Prior Year Recoveries	284,620	197,604
Total Revenue	8,417,813	7,255,927
EXPENSES		
Change in Net Unpaid Claims and Adjustment Expenses	(1,861,812)	12,536,950
Accident Benefits Claims Payments	7,613,386	8,483,609
Administrative Expenses		
Salaries and Wages	1,094,066	974,463
Employees' Benefits	131,761	159,611
Transportation and Communication	41,451	34,899
Services:		
Claims (Solicitors Fees etc.)	1,677,067	1,069,969
Accident Benefit Claims Expense	712,907	754,873
Other Services	745,255	748,470
Bad Debts Expense	3,720,485	2,745,016
Supplies and Equipment	35,839	19,043
Amortization of Computer Equipment	22,032	19,932
Total Expenses	13,932,437	27,546,835
Excess of Expenses over Revenue	(5,514,624)	(20,290,908)
Fund Deficit, Beginning of Year	113,886,056	93,595,148
Fund Deficit, End of Year	119,400,680	113,886,056

Ontario

MOTOR VEHICLE ACCIDENT CLAIMS FUND

(Established under the Motor Vehicle Accident Claims Act)

STATEMENT OF CASH FLOWS

	Year ending March 31, 2004 $	Restated Year ending March 31, 2003 $
OPERATING ACTIVITIES		
Cash Inflows		
Fee on Issue or Renewal of Driver's Licences	8,223,297	7,928,067
Repayment by Debtors	1,850,295	2,120,395
Prior Year Recoveries	279,285	192,761
Cash Outflows		
Statutory Payments	10,485,236	11,478,679
Payments to Employees	1,216,032	1,113,616
Administrative Expenses	3,274,711	2,490,496
Net Cash Outflow from Operating Activities	(4,623,102)	(4,841,568)
INVESTING ACTIVITIES		
Cash Outflows		
Acquisition of Equipment	(28,419)	(37,675)
Net Cash Outflow from Investing Activities	(28,419)	(37,675)
Net Decrease in Funds on Deposit with Minister of Finance	(4,651,521)	(4,879,243)
Funds on Deposit with Minister of Finance, Beginning of Year	7,313,973	12,193,216
Funds on Deposit with Minister of Finance, End of Year	2,662,452	7,313,973

MOTOR VEHICLE ACCIDENT CLAIMS FUND

NOTES TO FINANCIAL STATEMENT

1. Statutory Authority

The Motor Vehicle Accident Claims Fund (the Fund) operates under the authority of the *Motor Vehicle Accident Claims Act* (the Act), R.S.O. 1990, Chapter M.41 as amended.

2. Fund Operations

The Fund was originally established to provide compensation to victims of motor vehicle accidents caused by uninsured or hit-and-run motorists in Ontario. Uninsured motorists were required to pay an annual fee into the Fund. However, effective March 1, 1980, with the enactment of the *Compulsory Automobile Insurance Act*, all motorists are required to carry compulsory third party liability insurance including uninsured motorist coverage. Since that time, the Fund only responds to claims, where the eligible claimants have no access to automobile or liability insurance coverage. In 1990, legislation was enacted to expand the coverage to include a new provision to pay statutory accident benefits by the Fund, in accordance with the *Statutory Accident Benefits Schedule* (the "SABS"). In 2002, legislation was enacted to expand the Fund's role to administer and pay statutory accident benefits claims of Ontario insolvent insurers.

The Fund now pays claims under four different automobile insurance compensation systems:

1) Tort – prior to June 22, 1990
2) OMPP – between June 22, 1990 and December 31, 1993
3) Bill 164 – between January 1, 1994 and October 31, 1996
4) Bill 59 – from November 1, 1996 and forward

The coverage provided by the Fund is analogous to the minimum required coverage under the standard automobile policy (OAP1) approved by the provincial regulator. Unlike insurance companies, the Fund does not cover claims where the accidents occur outside of Ontario, except in the case of accident benefits where the Ontario insurer is insolvent. In the cases of insurance company insolvencies where the Fund pays claims for accident benefits, it has powers to assess the industry to recover for claims and adjustment expenses and also has claimant rights against the estate of the insolvent insurer.

The current maximum third party liability claims limits payable by the Fund are $200,000, inclusive of pre-judgment interest, plus legal costs as awarded. Under the *Highway Traffic Act* in Ontario, a driver is responsible for an accident while the owner of the vehicle has vicarious liability. Both the owner and driver will have their driving privileges suspended and, where judgments exist, writs of seizure and sale of real property will be filed with the Sheriff in the jurisdictions where the defendants reside.

If the driver of the vehicle cannot be determined, only claims for bodily injury can be paid out of the Fund. In these civil proceedings the Superintendent of the FSCO becomes the named defendant. In certain circumstances, the law provides that where the identity of a driver is determined at a later date, upon bringing of a motion before the court, the driver can be substituted in the judgment.

2. Fund Operations (continued)

Upon the conclusion of litigation under sections 7, 12 or 15 of the Act, or through settlements under section 4 of the Act, the plaintiff(s) or claimant(s) present a request for payment to the Minister of Finance out of the Fund. At that time an account receivable is created for the full amount of those payments, which may be recovered from the uninsured driver and/or owner

The Fund operates administratively under the direction of the Financial Services Commission of Ontario ("FSCO") and reimburses FSCO for the costs of the services it provides to the Fund.

The Lieutenant Governor in Council, having regard to the condition of the Fund and the amount paid out of the Fund during any period, may direct payment out of the Consolidated Revenue Fund of such an amount as may be considered necessary or advisable to subsidize the Fund.

3. Summary of Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP). These principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. Fair values are not determinable for Accounts Receivable — Debtors (net) and Unpaid Claims and Adjustment Expenses (net). For all other financial instruments fair value is equal to book value.

The significant accounting policies used in the preparation of these financial statements are summarized as follows:

a) Computer Equipment

Computer equipment is carried at cost, less accumulated amortization. The Fund provides for amortization on a straight-line basis over the estimated useful life of the assets as follows:

Computer equipment	3 years

b) Drivers' Licence Fees and Deferred Revenue

The Fund earns a fee of $5.00 on the issuance or renewal of each driver's five-year licence. The income is earned on a pro-rata basis over the five-year term of the licence and the unearned portion is reflected as deferred revenue.

c) Accounts Receivable — Fees

Under the *Act* the Fund receives from the Ministry of Transportation and Serco DES a monthly internal transfer and payment representing the drivers' licence fee prescribed by *Ontario Regulation 800*. Accordingly, unremitted licence fees are reported as accounts receivable.

d) Unpaid Claims

Unpaid claims represents the estimated amounts required to settle all unpaid claims, including an amount for unreported claims and claim expenses, and is gross of estimated recoveries and subrogation. Claim liabilities are established according to accepted actuarial practice in Canada as applied to public personal injury compensation plans. They do not reflect the time value of money nor include a provision for adverse deviations, because the Fund reports no investment income.

The provision for unpaid claims and claim expenses consists of estimates that are necessarily subject to uncertainty and the variability could be material in the near term. The estimates are selected from a range of possible outcomes and are adjusted up or down, as additional information becomes known during the course of loss settlement. The estimates are principally based on historical experience but variability can be caused by changes in judicial interpretations of

contracts or significant changes in severity and frequency of claims from historical trends. All changes in estimates are recorded in the current period.

The Fund has obligations to pay certain fixed amounts to claimants on a recurring basis and has purchased annuities from life insurers to provide for those payments. There is only one type of these annuities requiring disclosure.

Settlements occur when there is an irrevocable direction from the Fund to the annuity underwriter to make all payments directly to the claimant. There are no rights under the noncommutable, non-assignable, non-transferable contract that would provide any current or future benefit to the Fund. The Fund remains liable to make payments only in the event that the life insurance company fails and only to the extent that CompCorp, the industry's insolvency compensation fund, will not cover payments due. The net risk to the Fund is any credit risk related to the life insurance companies. This credit risk is deemed nil at March 31, 2004. There exists the possibility of contingent gains based on the fact that the Fund has purchased insurance on some of the measured lives. Such amounts are described in Note 8 — Contingent Gains.

e) Accounts Receivable — Debtors

The Fund maintains an accounts receivable portfolio, accumulated over the years as the result of judgments and claims assigned to the Minister of Finance. The Fund will pay damages to injured, not at fault, victims who have no recourse to liability insurance, on behalf of defendant uninsured motorists. In accordance with the *Act*, these amounts are recoverable from the uninsured motorists.

Total repayments received from debtors are reflected in the cash flow statement.

The allowance for doubtful accounts is determined through a process that considers: the age of defendant/debtor, the defendant/debtor's current monthly installment required under the regulations, the amount paid out of the Fund and the activity on the account since the date of the judgment.

The write-off process depends on established criteria that parallel the criteria established by the Ministry of Finance. These criteria are used to select a block of accounts at the beginning of April that is reviewed by collections staff. The Ministry of Finance, Internal Audit Section audits the work of the collections staff and provides a certificate of assurance to verify that the established criteria for the write-off have been met. The write-off transaction is authorized by an order-in-council under the authority set out in the *Financial Administration Act*.

In the current year, write-offs of $2.4 million (2003 — $2.9 million) were processed.

f) Prior Year Recoveries

Prior year recoveries are generated from two main sources — insurance recoveries and recoveries of court costs. The Fund is required under the SABS to satisfy the payment of accident benefits claims within specified periods. The timeframe does not allow for a complete investigation into available insurance coverage and in some instances information is withheld by police because of criminal investigations. Accordingly, when new information is available, the Fund may be required to pursue private insurers for recoveries.

From time to time the Fund may also be involved in the defence of uninsured motorists or the Superintendent of FSCO, where the legal proceedings are deemed frivolous and the Fund is awarded costs by the courts.

4. Accounting Policy Change

On April 1, 2003 the Fund adopted, with retroactive effect, an accounting change, which requires that all financial transactions, which will be reported in volume 2 of the Public Accounts be presented in a format consistent with Canadian generally accepted accounting principles. Previously, statements were presented on a modified cash basis, which provided accruals for goods and services pertaining to the fiscal year just ended and paid in the first thirty days of the subsequent period.

The effect of adopting these changes was an increase of $105.8 million in the Fund deficit as at April 1, 2002.

The changes to elements of the Statement of Financial Position are summarized below:

	March 31, 2004 (000's)	March 31, 2003 (000's)
Funds on Deposit with the Minister of Finance	$ (868)	$ 350
Account receivable (net)	16,684	18,936
Capital assets (net)	32	25
Other assets (net)	9,126	10,335
Total Assets	$ 24,974	$ 29,646
Liabilities	$ 147,905	$ 150,496
Fund deficit	(122,931)	(120,850)
Total Liabilites and Fund Equity	$ 24,974	$ 29,646

The impact on the Statement of Operations is as follows:

	March 31, 200 (000's)	March 31, 2003 (000's)
Revenue		
Drivers' Licence Fees	$ (300)	$ (1,587)
Transfer Payment in April 2004	(862)	–
Repayment by Debtors in Cash Flow	(1,850)	(2,120)
Total Revenues	(3,012)	(3,707)
Expenses		
Change in Unpaid Claims	(4,971)	9,033
Administrative Expenses	4,039	2,321
Total Expenses	(932)	11,354
Excess of Expenses over Revenues	$ (2,080)	$ (15,061)

5. Unpaid Claims and Adjustment Expenses

a) The Fund's unpaid claims and adjustment expenses consist of the following:

	March 31, 2004		March 31, 2003	
	Gross	Recoverable	Gross	Recoverable
	(000's)	(000's)	(000's)	(000's)
ACCIDENT BENEFITS				
Statutory accident benefits	$ 44,142	$ –	$ 52,256	$ –
THIRD PARTY LIABILITY				
Property damage	939	105	883	119
Bodily injury	80,898	9,021	75,911	10,217
Total TPL	81,837	9,126	76,794	10,336
Totals	$ 125,979	$ 9,126	$ 129,050	$ 10,336

b) The change in gross provision for claims and adjustment expenses is as follows:

	March 31, 2004	March 31, 2003
	(000's)	(000's)
Unpaid claims and adjustment expenses, beginning of year	$ 129,050	$ 117,671
Increase (decrease) in provision for losses that occurred in prior years	(16,766)	1,266
Amounts paid during the year:		
Statutory Payments	(10,485)	(11,479)
Claims Expenses	(4,491)	(3,604)
Provision for losses on claims that occurred in the current year	28,671	25,196
Unpaid claims and adjustment expenses, end of year	$ 125,979	$ 129,050

6. Due to the Financial Services Commission of Ontario

Amounts due to the FSCO and included in Accounts Payable and Accrued Expenses are for services provided in connection with the administration of the Fund and include charges for: rent, computer services, legal services and other administrative services.

	March 31, 2004	March 31, 2003
	(000's)	(000's)
Due to FSCO	$ 300	$ 467

7. Role of the Actuary and Auditor

The Financial Services Commission of Ontario retains the Fund's actuary. The actuary's responsibility is to carry out an annual valuation of the Fund's liabilities, which include provision for unpaid claims and adjustment expenses in accordance with accepted actuarial practice. In performing the valuation, the actuary makes assumptions as to the future rates of claims frequency and severity, inflation, recoveries, and expenses taking into consideration the circumstances of the Fund. The actuary in his verification of the underlying data used in the valuation also makes use of the work of the external auditor. The actuary's report outlines the scope of his work and opinion.

The external auditors act under the direction of the Ontario Provincial Auditor pursuant to agreed terms of engagement. Their responsibility is to conduct an independent and objective audit of the financial statements in accordance with Canadian generally accepted auditing standards and report thereon to the Audit Committee of the FSCO. In carrying out their audit, the auditors also make use of the work of the actuary and his report on the provision for claims and claim expenses. The auditors' report outlines the scope of their audit and their opinion.

8. Contingent Gains

Some payments out of the Fund are in the form of structured settlements for accident benefit claims. These claims have guarantee periods ranging from 10 to 25 years and during this period the reversionary interest will be payable to Her Majesty the Queen in right of Ontario as represented by the Minister of Finance should the claimant die.

Even though the range of probability that the claimant may die during the guarantee period is slight, the Fund nevertheless has calculated the approximate reversionary interest represented by insurance on the claimant lives as at March 31, 2004 for information purposes.

As at March 31, 2004, the amount paid out of the Fund for accident benefit claims in the form of structured settlements was approximately $6.0 million (2003 — $5.5 million) with applicable reversionary interest of approximately $3.9 million (2003 — $3.8 million).

9. Subsequent Event

In its May 18th, 2004 Budget, the Government of Ontario announced that its intention was to increase the driver's licence fees paid in to the Fund from $1 per year to $3 per year, resulting in an annual revenue increase estimated to be $18 million. A study performed by the Fund's actuary in November of 2003 indicates that this revenue should stabilize the Fund's deficit.

SUPERINTENDENT'S REPORT ON INSURANCE 2003

SUPERINTENDENT'S REPORT ON INSURANCE 2003

The following information was obtained from the annual filings and, in the case of federally registered insurers, from the Office of the Superintendent of Financial Institutions. While every effort has been made to ensure the accuracy of this report, decisions should not be made solely on the information contained in it. Other sources should also be consulted. Any material changes to this information will be reported to the Minister of Finance and published in The Ontario Gazette.

The information is organized by type of insurer, and insurers are listed alphabetically within each group.

Summary Financial Information 77
Property and Casualty Companies 80
Life Insurance Companies 96
Reinsurance Companies 104
Reciprocal or Interinsurance Exchanges 108
Fraternal Societies 110
Financial Summary Notes 114

Ontario

The Honourable Greg Sorbara
Minister of Finance
7 Queen's Park Crescent
Toronto, ON M7A 2H6

Dear Minister:

I am pleased to present the 125th annual report under Section 36 of the *Insurance Act* for the year ended December 31, 2003. Prior to the creation of the Financial Services Corporation of Ontario, this report was issued by the Superintendent of Insurance.

In addition to the information contained in this report, a listing of all licensed insurers is published each July in *The Ontario Gazette*. This list contains the names of the insurers, their addresses, telephone numbers, chief agents, and the classes for which they are licensed. During the year, information concerning newly licensed insurers and changes to existing licences is also published in the Financial Services Commission of Ontario Bulletins. Any broker or member of the public can verify whether a particular insurer is licensed by calling our offices at (416) 250-7250, extension 5500. This information is also available on the Commission's Internet site — www.fsco.gov.on.ca.

News releases containing other information of public interest are made throughout the year. These announcements can effectively reach a large number of Ontario residents. Information is also supplied to industry trade associations for inclusion in their publications to reach more specialized audiences. Financial Services Commission of Ontario Bulletins are issued as required to provide information to insurers and other individuals interested in the insurance industry.

Yours sincerely,

Bryan P. Davies
Chief Executive Officer and
Superintendent of Financial Services

SUMMARY FINANCIAL INFORMATION

SUMMARY OF COMPANIES LICENCED BY TYPE OF BUSINESS ACTIVITY

as at December 31, 2003, and December 31, 2002

Business Type	Total 2002	Additions	Withdrawals	Total 2003	Analysis of 2003 total: Ontario	Extra Provincial	Federal
Property & Casualty Companies	217	7	7	217	67	10	140
Life Insurance Companies	100	0	2	98	4	11	83
Reinsurance Companies	45	0	0	45	2	1	42
Reciprocal Exchanges	9	1	0	10	9	0	1
Fraternal Societies	27	0	2	25	3	0	22
Totals	398	8	11	395	85	22	288

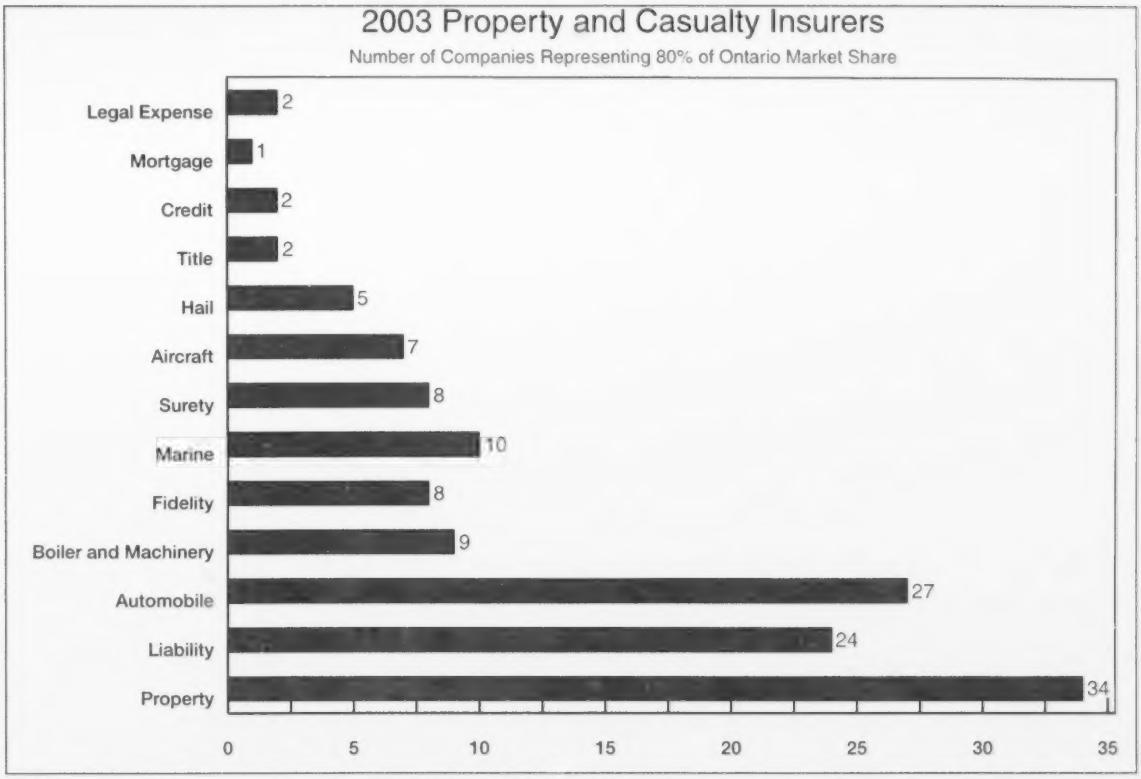
Notes:

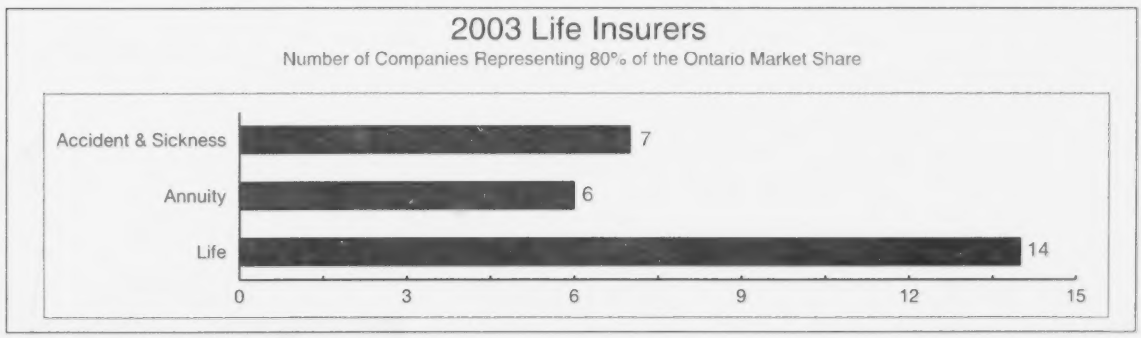
1. Companies writing both property & casualty and life business are listed under Life in the above summary. Their financial performance is shown separately by business type in the following report.

2. Branch operations are included in the Federal totals.

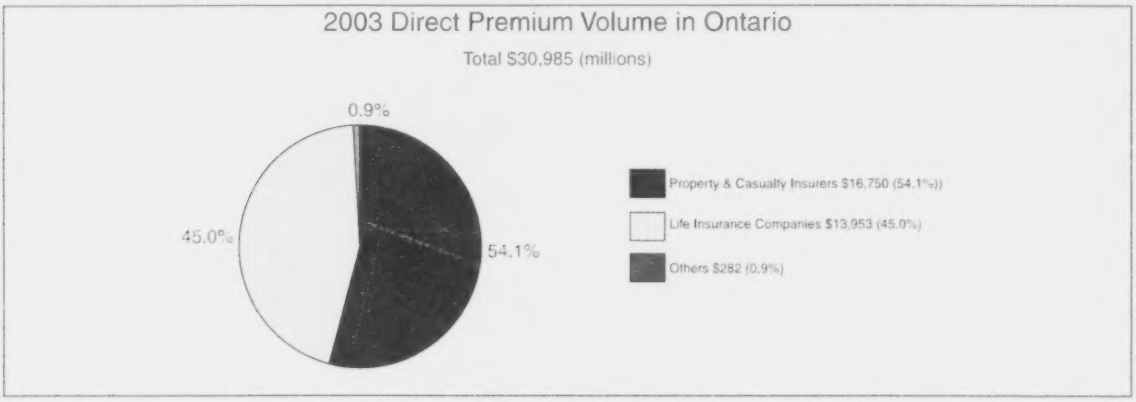
3. The Superintendent's Report 2003, records figures as of the end of the calendar year (December 31, 2003), based on the company's annual filings. The Financial Services Commission of Ontario Annual Report 2003–2004, records figures as of the end of the fiscal year (March 31, 2004).

To gauge the level of competition, FSCO calculates how many companies represent 80 percent of the market for key products. Please note that effective in 2002, these figures are based on individual companies rather than groups of affiliated companies.

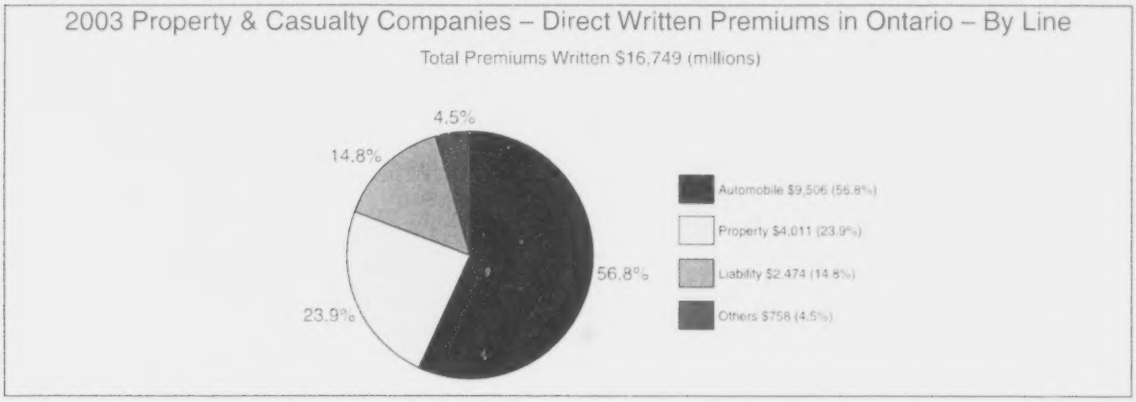




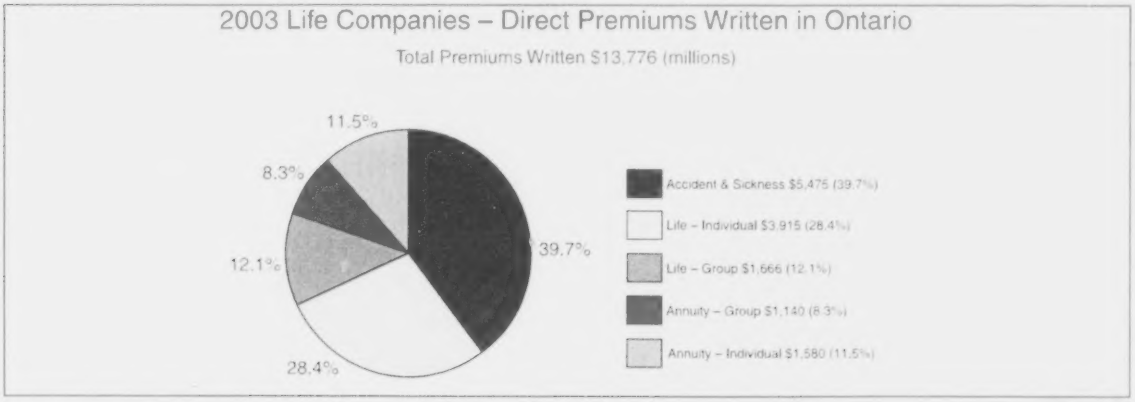
Insurance is a $31 billion business in Ontario. In 2003, of the total premium dollar, 45 per cent went to the life insurance industry and 54.1 percent went to the property and casualty (including automobile) insurers.



P&C insurers received $16.8 billion in premiums in 2003. The split among automobile, property and liability insurance is virtually unchanged from last year.



The broad pattern among life insurance companies likewise remained constant. Of the $14.0 billion spent on premiums to the life insurers, 19.8 percent went to buy annuities, 40.5 percent to purchase individual and group life coverage and 39.7 percent to obtain accident and sickness insurance.



PROPERTY AND CASUALTY COMPANIES

FINANCIAL SUMMARY

ONTARIO BUSINESS

year ended December 31, 2003 (in thousands)

Note		Direct premiums written $	Direct claims incurred $
	ONTARIO		
	Algoma Mutual Insurance Company	6,529	3,024
	Amherst Island Mutual Fire Insurance Company	324	135
	Ayr Farmers' Mutual Insurance Company	12,643	8,948
	Bay of Quinte Mutual Insurance Co.	12,028	4,947
	Bertie and Clinton Mutual Insurance Company	6,712	7,089
	Brant Mutual Insurance Company	5,219	2,364
	CAA Insurance Company (Ontario)	126,822	109,235
1	Canadian Millers' Mutual Insurance Company	0	0
	Caradoc Delaware Mutual Fire Insurance Company	938	1,151
	Cayuga Mutual Fire Insurance Company	3,502	1,149
	Coachman Insurance Company	27,005	32,474
	Commerce and Industry Insurance Company of Canada	75,451	32,853
	Coronation Insurance Company, Limited	0	0
	Culross Mutual Insurance Company	2,100	3,377
	Dufferin Mutual Insurance Company	9,463	6,946
	Dumfries Mutual Insurance Company	9,251	6,125
	Elma Mutual Insurance Company	9,239	5,258
	Erie Mutual Fire Insurance Company	4,151	3,083
	Farmers' Mutual Fire Insurance Company (Lindsay)	59,908	46,438
	Formosa Mutual Insurance Company	18,913	12,376
2	GCAN Insurance Company	89,349	34,185
	Germania Farmers' Mutual Fire Insurance Company	7,092	3,602
	Glengarry Farmers' Mutual Fire Insurance Company	5,514	4,143
	Grenville Mutual Insurance Company	11,588	6,272
	Grey & Bruce Mutual Insurance Company	1,482	989
	Halwell Mutual Insurance Company	10,702	6,949
	Hamilton Township Farmers' Mutual Fire Insurance Company, The	13,902	11,958
	Hay Mutual Insurance Company	6,345	4,721
	Heritage General Insurance Company	10,602	208
	Howard Mutual Fire Insurance Company	6,038	3,845

TOTAL COMPANY

Total assets $	Total liabilities $	Excess of assets over liabilities $	Claims incurred to earned premium %	Net income/ (loss) $
9,221	6,278	2,943	51	633
1,255	251	1,004	23	115
27,671	14,279	13,392	76	563
21,286	10,229	11,057	52	1,214
30,828	12,496	18,332	89	309
11,183	5,123	6,060	63	328
268,806	221,213	47,593	88	(3,384)
0	0	0	n.a.	0
6,763	1,068	5,695	123	(241)
13,578	3,541	10,037	43	558
87,436	76,890	10,546	91	470
573,537	513,703	59,834	71	274
5,703	2,568	3,135	n.a.	(34)
4,198	3,229	969	118	(187)
16,001	11,498	4,503	72	(100)
25,565	10,309	15,256	68	466
17,238	11,539	5,699	68	538
18,290	4,780	13,510	63	239
127,535	94,464	33,071	77	1,653
34,402	24,105	10,297	70	456
553,958	472,506	81,452	55	12,736
12,403	6,585	5,818	63	405
11,549	4,696	6,853	64	91
44,299	16,892	27,407	93	(448)
3,973	1,296	2,677	90	(266)
21,580	10,648	10,932	63	690
29,252	21,004	8,248	73	436
27,567	8,210	19,357	78	711
20,443	7,821	12,622	53	1,600
28,673	8,450	20,223	79	240

Ontario

PROPERTY AND CASUALTY COMPANIES

FINANCIAL SUMMARY

year ended December 31, 2003 (in thousands)

ONTARIO BUSINESS

Note		Direct premiums written $	Direct claims incurred $
	ONTARIO cont.		
	Howick Mutual Insurance Company	9,720	9,542
	Kent & Essex Mutual Insurance Company	11,909	5,614
	Kingsway General Insurance Company	204,225	176,197
	Lambton Mutual Insurance Company	11,758	10,470
	Lanark Mutual Insurance Company	16,650	11,237
	Lawyers' Professional Indemnity Company	84,647	67,976
	Lennox and Addington Mutual Fire Insurance Company, The	4,159	2,994
	Loyalist Insurance Company, The	1,494	3,779
3	Markham General Insurance Company	0	0
	MAX Canada Insurance Company	1,434	530
	McKillop Mutual Insurance Company	5,331	3,630
	Middlesex Mutual Insurance Co.	6,585	4,774
	Norfolk Mutual Insurance Company	5,069	3,130
	North Blenheim Mutual Insurance Company	6,582	2,615
	North Kent Mutual Fire Insurance Company	4,548	3,894
	Optimum Frontier Insurance Company	49,577	29,216
	Oxford Mutual Insurance Company	8,741	6,340
	Peel and Maryborough Mutual Insurance Company	10,447	7,162
	Peel Mutual Insurance Company	24,608	16,960
	Pilot Insurance Company	780,223	574,430
	Premier Insurance Company	122	0
	Prescott Mutual Insurance Company	649	580
	Pro-Demnity Insurance Company	16,188	4,166
	Scottish & York Insurance Co. Limited	148,240	134,142
	Sherway Insurance Company Limited	1	0
	South Easthope Mutual Insurance Company	10,317	7,621
	Town & Country Mutual Insurance Company	5,841	3,923
	Townsend Farmers' Mutual Fire Insurance Company	3,519	1,198
4	Tradition Mutual Insurance Company	7,980	5,230
	TTC Insurance Company Limited	0	0

TOTAL COMPANY

Total assets $	Total liabilities $	Excess of assets over liabilities $	Claims incurred to earned premium %	Net income/ (loss) $
19,545	13,385	6,160	72	264
35,777	12,093	23,684	60	1,281
709,494	660,036	49,458	103	(12,814)
37,925	15,797	22,128	81	(5)
45,212	19,192	26,020	70	997
400,932	304,734	96,198	85	7,471
7,640	4,193	3,447	86	(289)
15,965	11,849	4,116	53	720
0	0	0	n.a.	0
7,859	2,693	5,166	72	(482)
12,849	6,856	5,993	67	252
20,482	9,570	10,912	81	(276)
11,361	6,411	4,950	45	959
14,026	5,268	8,758	55	789
20,440	5,560	14,880	91	(343)
137,984	124,727	13,257	68	197
18,113	13,275	4,838	83	74
19,541	9,132	10,409	63	595
46,823	28,645	18,178	71	827
1,422,000	1,211,532	210,468	76	57,093
3,323	309	3,014	0	(4)
1,004	676	328	64	(91)
70,429	48,247	22,182	52	23
514,759	452,763	61,996	86	(4,102)
5,455	17	5,438	0	296
24,258	10,788	13,470	80	448
18,228	5,575	12,653	92	(350)
11,571	5,826	5,745	45	370
19,961	9,406	10,555	69	320
37,066	36,966	100	n.a.	0

PROPERTY AND CASUALTY COMPANIES

FINANCIAL SUMMARY

ONTARIO BUSINESS

year ended December 31, 2003 (in thousands)

Note		Direct premiums written $	Direct claims incurred $
	ONTARIO cont.		
	Usborne and Hibbert Mutual Fire Insurance Company	4,123	3,206
	Wabisa Mutual Insurance Company	5,068	2,166
	West Elgin Mutual Insurance Company	8,866	4,849
	West Wawanosh Mutual Insurance Company, The	15,830	17,075
	Westminster Mutual Insurance Company, The	4,420	2,742
	Yarmouth Mutual Fire Insurance Company, The	4,544	3,473
	York Fire & Casualty Insurance Company	102,478	71,072
		2,138,705	1,565,777
	EXTRA PROVINCIAL		
	Alberta Motor Association Insurance Company's	0	0
	Belair Insurance Company Inc.	49,156	79,438
	Canadian Union Insurance Company, The	1,809	279
	Canassurance, Compagnie d'Assurances Generales Inc.	64	(44)
5	Industrial-Alliance Pacific General Insurance Corporation	0	0
	Innovative Insurance Corporation	25	14
	La Mutuelle d'Eglise de L'Inter-Ouest	18	0
	Orleans General Insurance Company	0	0
	SGI CANADA Insurance Services Ltd.	78	14
	Trans Global Insurance Company	4,496	88
	Total	53,646	79,789
	FEDERAL		
	ACE INA Insurance	135,991	93,341
	Allianz Insurance Company of Canada	364,256	221,399
	Allstate Insurance Company of Canada	381,378	296,670
6	Alta Surety Company	0	0
7	Aviva Insurance Company of Canada	469,500	342,827
	AXA Insurance (Canada)	275,437	215,060
	AXA Pacific Insurance Company	9,346	12,789
	Boiler Inspection and Insurance Company of Canada, The	21,693	12,663
	Canadian Northern Shield Insurance Company	771	668
	Certas Direct Insurance Company	141,887	151,608

TOTAL COMPANY

Total assets $	Total liabilities $	Excess of assets over liabilities $	Claims incurred to earned premium %	Net income/ (loss) $
26,966	4,564	22,402	81	899
11,495	6,980	4,515	53	363
22,532	10,847	11,685	65	868
34,560	26,216	8,344	80	9
7,574	4,532	3,042	82	(5)
11,240	3,580	7,660	74	(498)
191,434	176,674	14,760	116	(3,474)
6,070,016	4,854,733	1,215,283		70,467
350,578	267,780	82,798	75	10,857
612,835	499,510	113,325	68	11,897
270,106	215,263	54,843	63	0
7,552	1,406	6,146	40	(31)
25,674	20,243	5,431	51	(1,522)
4,395	1,381	3,014	54	12
4,474	170	4,304	32	356
8,293	3,535	4,758	n.a.	586
36,458	14,605	21,776	61	1,287
17,335	9,807	7,520	2	797
1,337,700	1,033,700	303,915		32,431
657,782	538,915	118,867	61	24,436
1,686,115	1,413,026	273,089	76	19,542
1,638,680	1,159,111	479,569	76	61,500
0	0	0	n.a.	0
3,299,240	2,608,316	690,924	68	106,049
720,665	630,286	90,379	81	2,445
556,132	444,707	111,425	70	3,653
156,655	115,156	41,499	28	14,008
209,000	170,330	38,670	58	(260)
332,485	286,752	45,733	87	(1,693)

PROPERTY AND CASUALTY COMPANIES

FINANCIAL SUMMARY

year ended December 31, 2003 (in thousands)

Note		ONTARIO BUSINESS	
		Direct premiums written $	Direct claims incurred $
	FFDERAL cont.		
	Chubb Insurance Company of Canada	314,699	143,276
	Citadel General Assurance Company, The	138,217	81,135
	Commonwealth Insurance Company	38,583	8,208
	Constitution Insurance	0	0
	Co-Operators General Insurance Company	692,296	511,688
	Coseco Insurance Company	105,348	71,933
	CUMIS General Insurance Company	29,744	20,433
	Dominion of Canada General Insurance Company, The	748,922	477,357
	Echelon General Insurance Company	66,211	49,747
	Economical Mutual Insurance Company	686,521	428,126
	Elite Insurance Company	40,638	11,400
	Everest Insurance Company of Canada	(3)	(236)
	Federated Insurance Company of Canada	52,534	26,032
	Federation Insurance Company of Canada	114,410	81,386
	First North American Insurance Company	1,034	896
	GE Capital Mortgage Insurance Company (Canada)	201,439	7,170
	Gold Circle Insurance Company	0	0
	Gore Mutual Insurance Company	132,775	104,143
	Grain Insurance and Guarantee Company	8,899	2,993
	Granite Insurance Company	0	(35)
	Guarantee Company of North America, The	233,247	141,784
	HSBC Canadian Direct Insurance Incorporated		
	ING Insurance Company of Canada	1,131,306	778,085
	ING Novex Insurance Company of Canada	96,603	81,601
	Jevco Insurance Company	6,925	3,231
	Langdon Insurance Company	15,217	17,229
	Legacy General Insurance Company	12,772	1,254
	Liberty Insurance Company of Canada	89,752	75,017
	Lombard General Insurance Company of Canada	394,797	215,809
	Lombard Insurance Company	110,301	77,360

TOTAL COMPANY

Total assets $	Total liabilities $	Excess of assets over liabilities $	Claims incurred to earned premium %	Net income/ (loss) $
1,378,708	1,056,123	322,585	48	90,317
607,747	469,026	138,721	66	18,280
1,034,868	762,276	272,592	78	57,027
3,512	2,097	1,415	50	144
2,865,540	2,195,140	670,400	78	44,035
310,323	272,745	37,578	80	2,328
101,325	86,633	14,692	67	545
1,919,197	1,501,740	417,457	72	20,272
152,676	126,268	26,408	76	151
2,688,390	2,000,810	687,580	72	34,883
212,745	164,167	48,578	60	10,874
6,658	2,322	4,336	129	(177)
277,125	226,162	50,963	62	11,360
491,268	434,247	57,021	72	1,725
8,018	2,881	5,137	29	1,138
1,598,982	1,087,961	511,021	7	122,538
4,148	32	4,116	n.a.	35
315,469	239,184	76,285	88	(6,105)
59,119	43,372	15,747	51	1,631
1,825	589	1,236	n.a.	(1,791)
798,440	423,204	375,236	66	17,742
104,792	85,034	19,758	66	836
5,284,221	4,412,367	871,854	68	123,645
299,816	278,687	21,129	68	1,049
374,405	310,194	64,211	74	6,431
96,675	77,822	18,853	72	429
37,309	(108)	37,417	11	9,695
242,381	193,232	49,149	86	8,087
1,372,314	1,057,447	314,867	59	62,401
344,809	281,023	63,786	80	3,365

Ontario

PROPERTY AND CASUALTY COMPANIES

FINANCIAL SUMMARY

year ended December 31, 2003 (in thousands)

ONTARIO BUSINESS

Note		Direct premiums written $	Direct claims incurred $
	FFDERAL cont.		
	London and Midland General Insurance Company	32,270	6,004
	Markel Insurance Company of Canada	166,012	104,530
	Missisquoi Insurance Company, The	73	735
	Mortgage Insurance Company of Canada, The	0	(1,491)
	Nordic Insurance Company of Canada, The	82,857	24,956
	North Waterloo Farmers Mutual Insurance Company, The	32,278	16,075
	Northern Indemnity, Inc.	7,144	4,505
	Old Republic Insurance Company of Canada	31,009	28,437
8	Pembridge Insurance Company	87,241	87,326
	Personal Insurance Company, The	238,019	194,172
	Perth Insurance Company	67,572	49,398
	Portage La Prairie Mutual Insurance Company, The	14,852	10,171
	Primmum Insurance Company	155,732	145,045
	Quebec Assurance Company	1	1
	RBC General Insurance Company	156,740	108,867
	RBC Travel Insurance Company	80,869	33,323
	Royal Insurance Company of Canada	510,118	436,686
	S & Y Insurance Company	296	19
	Scotia General Insurance Company	0	0
	Security National Insurance Company	373,989	250,864
	Sovereign General Insurance Company, The	63,135	26,415
9	St. Paul Guarantee Insurance Company	92,815	46,242
	TD Direct Insurance Inc.	0	0
	TD General Insurance Company	65,347	50,729
	Temple Insurance Company	116,654	71,967
	Traders General Insurance Company	300,142	249,338
	Trafalgar Insurance Company of Canada	127,437	104,552
	Travelers Casualty & Surety Company of Canada	23,194	8,896
	Unifund Assurance Company	181,781	116,960
	Waterloo Insurance Company	39,425	30,070

TOTAL COMPANY

Total assets $	Total liabilities $	Excess of assets over liabilities $	Claims incurred to earned premium %	Net income/ (loss) $
258,558	138,974	119,584	34	28,458
533,463	441,647	91,816	75	15,462
338,215	280,698	57,517	72	2,293
58,970	31,887	27,083	(73)	7,446
1,394,781	1,067,214	327,567	68	54,583
55,853	32,892	22,961	49	2,435
106,764	43,992	62,772	29	2,263
155,057	114,947	40,110	70	1,551
525,088	429,272	95,816	67	14,780
712,329	582,642	129,687	84	(5,778)
241,432	209,093	32,339	72	2,144
186,506	133,525	52,981	67	5,909
472,957	409,239	63,718	89	2,401
106,210	79,211	26,999	76	6,790
311,506	229,299	82,207	88	(6,022)
133,793	90,066	43,727	29	4,075
3,523,138	2,919,496	603,642	76	44,556
17,290	2,996	14,294	83	(1,706)
7,028	30	6,998	n.a.	637
1,169,045	923,143	245,902	74	34,563
341,350	278,924	62,426	59	10,641
443,807	390,473	53,334	58	1,942
12,122	71	12,051	n.a.	247
190,222	166,915	23,307	82	2,581
561,565	461,439	100,126	68	6,521
938,712	748,193	190,519	84	(5,821)
263,533	232,575	30,958	86	(2,219)
134,074	87,290	46,784	51	8,113
503,320	419,101	84,219	74	6,229
187,756	154,524	33,232	72	2,287

Ontario

PROPERTY AND CASUALTY COMPANIES

FINANCIAL SUMMARY

ONTARIO BUSINESS

year ended December 31, 2003 (in thousands)

Note		Direct premiums written $	Direct claims incurred $
	FFDERAL cont.		
	Wawanesa Mutual Insurance Company, The	407,725	304,171
	Western Assurance Company	139,843	99,213
	Western Surety Company	1,755	80
	XL Insurance Company Limited	10,538	18,828
	Zenith Insurance Company	40,207	23,849
		10,930,536	7,414,980
	BRANCH		
	Affiliated FM Insurance Company	27,845	4,418
	Allstate Insurance Company	0	0
	American Bankers Insurance Company of Florida	93,677	15,987
	American Home Assurance Company	351,229	189,307
	American Re-Insurance Company	0	454
	American Road Insurance Company, The	4,145	1,865
	Ascentus Insurance Ltd.	24,803	20,458
	Avemco Insurance Company	2	(43)
	Aviation & General Insurance Company Limited	0	(23)
	AXA Corporate Solutions Assurance	3,058	627
	British Aviation Insurance Company Limited, The	(71)	637
	Centennial Insurance Company	3,227	980
	Chicago Title Insurance Company	763	(486)
	Commercial Union Assurance Company PLC	3,026	(82)
	Continental Casualty Company	75,605	29,966
	Daimler-Chrysler Insurance Company	7,033	2,054
	Eagle Star Insurance Company Limited	6,408	1,252
	Ecclesiastical Insurance Office Public Limited Company	24,697	13,599
	Employers Insurance Company of Wausau	(5)	176
	Employers Reinsurance Corporation	78,846	25,157
	EULER American Credit Indemnity Company	18,457	11,936
	Factory Mutual Insurance Company	96,068	53,376
	Federal Insurance Company	2,160	(112)

TOTAL COMPANY

Total assets $	Total liabilities $	Excess of assets over liabilities $	Claims incurred to earned premium %	Net income/ (loss) $
3,026,240	1,857,766	1,168,474	77	76,206
666,976	563,958	103,018	76	3,453
23,910	13,662	10,248	13	1,347
114,431	71,255	43,176	89	(424)
111,248	80,223	31,025	66	3,893
50,076,808	38,845,908	11,230,900		1,204,404
143,993	82,255	61,738	48	0
16,962	4,160	12,802	(6)	3,522
214,703	130,470	84,233	17	4,176
2,368,211	1,836,742	531,469	54	56,209
297,068	144,491	152,577	79	0
45,536	1,348	44,188	61	3,716
71,295	61,148	10,147	81	(166)
8,723	2,904	5,819	7	611
1,525	407	1,118	n.a.	32
141,876	93,372	48,504	67	4,561
23,660	14,617	9,043	(1,381)	(586)
15,506	9,112	6,394	51	(420)
8,465	3,156	5,309	(33)	713
101,892	60,406	41,486	3	8,215
698,526	462,863	235,663	64	23,918
46,783	7,870	38,913	43	4,916
55,611	31,007	24,604	17	8,994
131,593	90,475	41,118	49	4,546
49,295	10,624	38,671	n.a.	981
994,703	680,784	313,919	72	26,248
79,759	34,635	45,124	51	2,755
614,909	351,453	263,456	n.a.	86,162
38,598	7,822	30,776	35	1,074

Ontario

PROPERTY AND CASUALTY COMPANIES

FINANCIAL SUMMARY

year ended December 31, 2003 (in thousands)

ONTARIO BUSINESS

Note		Direct premiums written $	Direct claims incurred $
	BRANCH cont.		
	First American Title Insurance Company	42,444	8,983
	General Reinsurance Corporation	0	0
	Great American Insurance Company	25,394	5,554
	Great American Insurance Company of New York	71	(1,205)
	Hanover Insurance Company, The	0	(5)
	Hartford Fire Insurance Company	12,441	1,250
10	Home Insurance Company, The	0	0
	ICAROM Public Limited Company	0	0
	Lawyers Title Insurance Corporation	1,747	83
	Liberty Mutual Fire Insurance Company	98	1,712
	Liberty Mutual Insurance Company	474,004	355,974
	Lloyd's Underwriters	269,332	360,442
	Lumbermens Mutual Casualty Company	1,365	(1,773)
	Mitsui Sumitomo Insurance Company Limited	9,414	5,538
	Motors Insurance Corporation	185,260	144,912
	NAC Reinsurance Corporation	0	(624)
	NCMIC Insurance Company	0	0
	Nipponkoa Insurance Company Limited	696	421
	North American Specialty Insurance Company	0	0
	Pearl Assurance Public Limited Company	0	0
	Progressive Casualty Insurance Company	0	2,347
	Protective Insurance Company	261	200
	Providence Washington Insurance Company	85	48
11	Reliance Insurance Company	0	0
	Security Insurance Company of Hartford	10,812	9,540
	Sentry Insurance, A Mutual Company	657	1,112
	Skandia Insurance Company Ltd.	0	0
	Sompo Japan Insurance Inc.	1,960	12
	Specialty National Insurance Company	0	(17)
	St. Paul Fire and Marine Insurance Company	69,293	40,378

TOTAL COMPANY

Total assets $	Total liabilities $	Excess of assets over liabilities $	Claims incurred to earned premium %	Net income/ (loss) $
46,156	19,650	26,506	21	5,939
610,781	467,596	143,185	78	34,257
139,215	79,641	59,574	22	11,374
3,762	686	3,076	n.a.	0
3,130	57	3,073	n.a.	(10)
291,544	87,759	203,785	36	22,012
0	0	0	n.a.	0
3,271	74	3,197	n.a.	5
6,704	2,455	4,249	16	647
109,006	47,799	61,207	55	1,527
1,766,434	998,978	767,456	73	138,820
2,257,599	1,724,046	533,553	158	177,383
88,604	49,063	39,541	29	(12,407)
49,022	31,118	17,904	49	4,073
654,619	501,061	153,558	94	18,374
165,960	100,719	65,241	42	9,829
5,533	36	5,497	n.a.	129
23,186	5,158	18,028	15	1,529
21,061	15,715	5,346	n.a.	83
1,649	16	1,633	n.a.	(7)
74,539	34,423	40,116	n.a.	671
8,436	1,062	7,374	71	229
18,773	8,847	9,926	57	495
0	0	0	n.a.	0
185,873	117,268	68,605	73	8,598
22,708	4,927	17,781	72	88
12,204	42	12,162	n.a.	312
27,257	4,629	22,628	50	1,079
7,290	367	6,923	n.a.	55
862,828	502,857	359,971	61	48,501

PROPERTY AND CASUALTY COMPANIES

FINANCIAL SUMMARY

ONTARIO BUSINESS

year ended December 31, 2003 (in thousands)

Note		Direct premiums written $	Direct claims incurred $
	BRANCH cont.		
	State Farm Fire and Casualty Company	278,659	145,734
	State Farm Mutual Automobile Insurance Company	927,302	907,691
	Stewart Title Guaranty Company	39,362	13,341
	T.H.E. Insurance Company	182	64
	TIG Insurance Company	2,926	8,964
	Tokio Marine and Fire Insurance Company Limited, The	12,305	7,954
12	Trade Indemnity PLC	0	0
	Travelers Indemnity Company, The	4	92
	UAP — New Rotterdam Insurance Company NV	0	7
	Utica Mutual Insurance Company	347	44
	Virginia Surety Company Inc.	449	993
	Zurich Insurance Company	437,738	231,090
		3,625,581	2,622,359
	Totals	16,750,468	11,682,905

TOTAL COMPANY

Total assets $	Total liabilities $	Excess of assets over liabilities $	Claims incurred to earned premium %	Net income/ (loss) $
383,612	405,807	177,805	59	54,703
2,508,741	1,903,413	605,328	103	(142,399)
36,215	16,665	19,550	33	3,135
1,754	482	1,272	70	(393)
77,071	51,253	25,818	165	75
54,902	30,647	24,255	50	2,105
0	0	0	n.a.	0
109,341	36,289	73,052	83	4,012
8,146	2,713	5,433	n.a.	51
12,002	5,877	6,125	69	1,364
50,901	5,387	45,514	69	186
1,824,027	1,431,526	392,501	66	49,346
18,903,048	12,818,229	6,084,819		685,947
76,387,572	57,552,422	18,835,065		1,993,249

Ontario

LIFE INSURANCE COMPANIES

FINANCIAL SUMMARY

year ended December 31, 2003 (in thousands)

Note		ONTARIO BUSINESS	
		Direct premiums written $	Benefits and payments to policyholders $
	ONTARIO		
	CT Financial Assurance Company	5,864	2,150
13	Revios Reinsurance Canada	0	0
14	Trent Health Insurance Company	0	646
	Union du Canada Assurance-vie	1,157	795
		7,021	3,591
	EXTRA PROVINCIAL		
	Acadia Life	0	0
	Assomption Compagnie d'Assurance-vie	2,797	736
	AXA Assurance Inc.	2,512	325
	Canassurance Life Insurance Company Inc.	279	173
	Desjardins Financial Security Life Assurance Company	303,440	333,984
	First Canadian Insurance Corporation	15,093	2,604
	Industrial-Alliance Insurance and Financial Services Inc.	198,670	136,361
	National Bank Life Insurance Company	5,296	2,074
	Promutuel Life Inc.	0	0
	SSQ, Societe d'Assurance-vie Inc.	18,351	11,032
	Trans Global Life Insurance Company	1,560	248
		547,998	487,537
	FEDERAL		
	ACE INA Life Insurance	23,450	4,609
	AIG Assurance Canada	53,039	39,428
	AIG Life Insurance Company of Canada	150,669	33,893
	Allstate Life Insurance Company of Canada	0	(200)
	Blue Cross Life Insurance Company of Canada	9,414	3,462
	CIBC Life Insurance Company Limited	15,346	2,474
	CIGNA Life Insurance Company of Canada	6,777	3,867
	CUMIS Life Insurance Company	72,612	34,250
	Canada Life Assurance Company, The	1,750,432	1,451,182
	Canada Life Insurance Company of Canada, The	0	0
	Canadian Premier Life Insurance Company	60,240	10,111

			TOTAL COMPANY
Total assets $	Total liabilities $	Excess of assets over liabilities $	Net profit/ (loss) $
16,887	9,017	7,870	332
95,184	29,822	65,362	1,712
25,499	15,732	9,767	4,321
68,137	57,266	10,871	250
205,707	**111,837**	**93,870**	**6,615**
47,866	32,848	15,018	1,279
456,959	402,974	53,985	5,588
273,413	181,465	91,948	5,453
73,473	46,168	27,305	784
9,578,843	8,138,290	1,440,553	109,705
138,496	90,571	47,925	9,225
7,030,547	5,606,825	1,423,722	135,049
130,163	60,550	69,613	19,735
15,586	5,392	10,194	339
1,417,874	1,240,533	177,341	18,866
10,284	3,437	6,847	348
19,173,504	**15,809,053**	**3,364,451**	**306,371**
34,299	27,314	6,985	1,999
580,979	506,288	74,691	12,556
769,299	641,937	127,362	18,259
3,453	168	3,285	252
148,967	113,891	35,076	2,153
42,122	1,205	40,917	4,718
49,388	39,868	9,520	127
545,334	471,313	74,021	11,982
18,723,695	15,861,193	2,862,502	1,409
3,566,716	3,390,803	175,913	1,073
96,047	26,697	69,350	9,589

Ontario

LIFE INSURANCE COMPANIES

FINANCIAL SUMMARY

year ended December 31, 2003 (in thousands)

Note		Direct premiums written $	ONTARIO BUSINESS Benefits and payments to policyholders $
	FEDERAL cont.		
15	Chrysler Life Insurance Company of Canada	0	0
	Co-Operators Life Insurance Company	236,123	157,901
	Commercial Union Life Assurance Company of Canada	31,068	16,818
	CompCorp Life Insurance Company	0	0
16	Confederation Life Insurance Company	0	0
	Crown Life Insurance Company	0	0
	Empire Life Insurance Company, The	266,125	200,220
	Equitable Life Insurance Company of Canada, The	198,796	143,241
	Federated Life Insurance Company of Canada	9,210	4,568
	Great-West Life Assurance Company, The	1,357,749	1,168,872
	Industrial-Alliance Pacific Life Insurance Company	76,047	30,103
	London Life Insurance Company	927,538	931,532
	MD Life Insurance Company	12,809	230
	Manufacturers Life Insurance Company, The	1,914,250	1,599,899
	Manulife Canada Ltd.	27,618	11,545
	Maritime Life Assurance Company, The	1,361,155	1,073,771
	National Life Assurance Company of Canada, The	211,600	165,251
	Penncorp Life Insurance Company	24,911	6,121
	Primerica Life Insurance Company of Canada	75,642	21,725
	RBC Life Insurance Company	171,338	77,572
	Reliable Life Insurance Company	27,593	16,225
	Scotia Life Insurance Company	6,394	538
	Standard Life Assurance Company of Canada, The	2,184	2,334
	Sun Life Assurance Company of Canada	2,636,129	2,677,029
	TD Life Insurance Company	13,214	3,014
	The Canada Life Insurance Company of Canada	0	0
	Transamerica Life Canada	269,770	127,715
	Unity Life of Canada	0	0
	Wawanesa Life Insurance Company, The	14,235	9,572
		12,013,477	10,028,872

TOTAL COMPANY

Total assets $	Total liabilities $	Excess of assets over liabilities $	Net profit/ (loss) $
0	0	0	0
2,026,310	1,671,034	355,276	41,498
646,277	555,708	90,569	6,475
10,000	72	9,928	(37)
0	0	0	0
953,517	560,692	392,825	56,478
2,629,704	2,224,607	405,097	14,908
921,696	782,500	139,196	10,303
51,589	37,522	14,067	721
17,771,866	9,883,548	7,888,318	820,243
1,886,273	1,665,826	220,447	34,001
18,373,781	17,050,751	1,323,030	333,385
125,044	101,824	23,220	2,613
35,850,687	28,467,283	7,383,404	1,537,213
783,001	700,073	82,928	17,184
10,819,357	9,483,540	1,335,817	110,133
1,875,929	1,610,979	264,950	28,122
251,780	168,873	82,907	34,383
289,947	(19,305)	309,252	41,536
1,582,843	1,303,303	279,540	10,810
42,019	24,333	17,686	1,204
41,428	(8,410)	49,838	5,524
298,858	283,409	15,449	2,586
69,314,359	59,416,674	9,897,685	1,410,166
20,384	(2,883)	23,267	1,019
3,566,716	3,390,803	175,913	1,073
3,712,995	2,667,137	1,045,858	92,090
3,566,716	3,390,803	175,913	1,073
373,371	314,535	58,836	6,393
202,346,746	166,805,908	35,540,838	4,685,214

Ontario

LIFE INSURANCE COMPANIES

FINANCIAL SUMMARY

year ended December 31, 2003 (in thousands)

Note	BRANCH	ONTARIO BUSINESS Direct premiums written $	ONTARIO BUSINESS Benefits and payments to policyholders $
	AMEX Assurance Company	688	0
	Aetna Life Insurance Company	1,567	1,566
	Allianz Life Insurance Company of North America	1,821	3,380
17	Allstate Life Insurance Company	0	0
	American Bankers Life Assurance Company of Florida	81,532	17,965
18	American Health and Life Insurance Company	12,362	2,237
	American Income Life Insurance Company	12,069	2,313
	Bankers Life and Casualty Company	28	(268)
	Combined Insurance Company of America	36,340	13,089
	Connecticut General Life Insurance Company	6,464	4,356
	Cuna Mutual Insurance Society	218	592
	Equitable Life Assurance Society of The United States, The	65	536
	First Allmerica Financial Life Insurance Company	29	67
	Forethought Life Insurance Company	3,563	6,271
	Fortis Benefits Insurance Company	43,680	7,548
	General American Life Insurance Company	0	0
	Gerber Life Insurance Company	652	0
	Hartford Life Insurance Company	0	0
	Household Life Insurance Company	9,581	2,856
	John Alden Life Insurance Company	0	11
	John Hancock Life Insurance Company	31	677
	Liberty Life Assurance Company of Boston	37,425	(40,822)
	Life Insurance Company of North America	1,140	3,625
	Life Investors Insurance Company of America	4,736	1,016
	Lincoln Heritage Life Insurance Company o/a Superior Life Ins. Co.	4,548	679
	Lincoln National Life Insurance Company, The	0	0
	Massachusetts Mutual Life Insurance Company	133	312
	Metropolitan Life Insurance Company	3,018	13,709
	Minnesota Life Insurance Company	237	97
	National Fidelity Life Insurance Company	338	117

TOTAL COMPANY

Total assets $	Total liabilities $	Excess of assets over liabilities $	Net profit/ (loss) $
6,854	531	6,323	80
48,981	17,901	31,080	3,032
135,772	30,374	105,398	11,058
0	0	0	0
184,961	122,013	62,948	5,918
101,377	41,153	60,224	9,360
100,721	39,073	61,648	9,785
5,565	92	5,473	256
486,361	305,108	181,253	15,287
66,681	50,235	16,446	1,375
23,904	17,956	5,948	(65)
28,396	12,241	16,155	3,125
2,355	1,607	748	323
130,213	107,282	22,931	392
304,872	273,131	31,741	1,304
1,037,995	678,953	359,042	44,277
12,627	840	11,787	(265)
38,026	28,933	9,093	(1,922)
88,509	19,089	69,420	12,354
2,034	1,205	829	(102)
18,135	7,261	10,874	2,467
31,830	4,946	26,884	8,203
38,665	21,752	16,913	(2,057)
179,406	96,350	83,056	14,216
12,752	5,174	7,578	3
283,855	112	283,743	23,826
38,830	5,122	33,708	2,399
1,786,921	682,331	1,104,590	31,819
2,973	112	2,861	86
5,153	1,861	3,292	127

Ontario

LIFE INSURANCE COMPANIES

FINANCIAL SUMMARY

year ended December 31, 2003 (in thousands)

	ONTARIO BUSINESS	
	Direct premiums written $	Benefits and payments to policyholders $
BRANCH cont.		
New York Life Insurance Company	20,078	17,766
Pennsylvania Life Insurance Company	0	0
Phoenix Life Insurance Company	0	0
Principal Life Insurance Company	169	368
Provident Life and Accident Insurance Company	259,413	218,015
Prudential Insurance Company of America, The	4,964	11,745
Royal Maccabees Life Insurance Company	9	53
Standard Life Assurance Company, The	767,501	726,716
State Farm Life Insurance Company	70,000	40,566
Stonebridge Life Insurance Company	41	22
Travelers Insurance Company, The	0	282
Union Fidelity Life Insurance Company	0	0
United American Insurance Company	496	522
	1,384,936	1,057,984
Totals	13,953,432	11,577,984

			TOTAL COMPANY
Total assets	Total liabilities	Excess of assets over liabilities	Net profit/ (loss)
$	$	$	$
233,813	89,330	144,483	11,566
1,056	11	1,045	64
1,777	685	1,092	(72)
10,056	7,840	2,216	(670)
2,195,350	1,514,573	680,777	99,829
407,531	310,569	96,962	4,845
13,061	5,315	7,746	8
13,755,568	12,296,854	1,458,714	142,473
826,481	676,367	150,114	(664)
34,765	5,652	29,113	813
25,895	4,698	21,197	734
6,881	0	6,881	422
10,694	5,932	4,762	(50)
22,727,652	17,490,564	5,237,088	455,959
244,453,609	200,217,362	44,236,247	5,454,159

Ontario

REINSURANCE COMPANIES

FINANCIAL SUMMARY

year ended December 31, 2003 (in thousands)

This table lists only those companies which are licensed solely for the business of reinsurance.

Note		ONTARIO BUSINESS	
		Premiums assumed	Net losses incurred
		$	$
	ONTARIO		
	Farm Mutual Reinsurance Plan Inc.	98635	0
	Global Reinsurance Company	4125	5411
		102,760	5,411
	EXTRA PROVINCIAL		
	Optimum Reassurance Inc.	37217	5719
	FEDERAL		
	Anglo Canada General Insurance Company	97,692	73,722
	Munich Reinsurance Company of Canada	220,320	51,497
19	Odyssey Reinsurance Company of Canada	0	0
	RGA Life Reinsurance Company of Canada	103,558	21,187
	SCOR Canada Reinsurance Company	55,040	30,944
	Swiss Re Life & Health Canada	230,634	38,811
	Swiss Reinsurance Company Canada	123,748	26,535
	Suecia Reinsurance Company	3	(255)
		830,995	242,441
	BRANCH		
	Alea Europe Ltd.	1,342	9,583
	American Agricultural Insurance Company	7,729	1,712
20	AXA RE	85,575	101,511
	Caisse Central de Reassurance	21,772	15,791
21	Cavell Insurance Company Limited	21	(19)
	Cologne Reinsurance Company	7	(216)
	Employers Reassurance Corporation	71,342	37,822
	Everest Reinsurance Company	91,641	31,699
	Folksamerica Reinsurance Company	20,538	11,487
	GE Frankona Ruckversicherungs-Aktiengesellschaft	1,729	332
22	GE Reinsurance Company	0	0
	General & Cologne Life Re of America	0	0
	Hannover Ruckversicherungs-Aktiengesellschaft	102,281	66,196
	Insurance Corporation of New York, The	(10)	(341)

TOTAL COMPANY

Total assets $	Total liabilities $	Excess of assets over liabilities $	Claims incurred to earned premium %	Net income/ (loss) $
390,967	260,090	130,877	86	4,169
223,516	164,225	59,291	99*	95
614,483	424,315	190,168		4,264
233,301	194,340	38,961	n.a	3,166
278,021	224,013	54,008	80	3,184
1,297,441	1,010,536	286,905	79	9,296
0	0	0	n.a	0
1,738,297	1,464,720	273,577	n.a	25,451
497,968	371,745	126,223	71	10,615
2,560,527	2,401,708	158,819	n.a	50,313
1,123,874	954,848	169,026	54	38,136
11,501	3,857	7,644	(8,500)	317
7,507,629	6,431,427	1,076,202		137,312
89,614	54,685	34,929	177	(3,503)
50,905	19,978	30,927	55	5,217
865,550	523,086	342,464	74	43,511
93,953	64,904	29,049	68	2,823
22,760	6,213	16,547	(90)	683
17,713	4,428	13,285	(3,220)	873
1,037,113	375,479	661,634	n.a	105,768
504,087	366,199	137,888	60	22,490
173,231	121,945	51,286	87	3,422
0	42,352	(42,352)	n.a*	0
0	0	0	n.a	0
8,839	3,402	5,437	n.a	1,214
413,270	350,532	62,738	78	3,959
29,296	2,344	26,952	3,410	1,325

REINSURANCE COMPANIES

FINANCIAL SUMMARY

year ended December 31, 2003 (in thousands)

This table lists only those companies which are licensed solely for the business of reinsurance.

Note		ONTARIO BUSINESS Premiums assumed $	Net losses incurred $
	BRANCH cont.		
	Le Mans Re	25,667	6,618
	Life Reassurance Corporation of America	0	0
	Munich Reinsurance Company	875,077	1,893,292
	National Reinsurance Corporation	0	0
	Nationwide Mutual Insurance Company	(52)	(1,459)
	Nederlandse Reassurantie Groep N.V.	5	(8)
23	Nordisk Reinsurance Company A/S	0	0
	NRG Victory Reinsurance Limited	48	(33)
	Odyssey American Reinsurance Corporation	116,381	45,563
	PartnerRe Sa	56,271	43,336
	Philadelphia Reinsurance Corporation	0	(105)
	ReliaStar Life Insurance Company	20,240	15,453
	SCOR Vie	18,032	5,001
	Seaton Insurance Company	0	0
	Sorema North America Reinsurance Company	189	518
	Swiss Re Italia S.P.A.	0	0
	Swiss Reinsurance Company	261,930	25,777
	Terra Nova Insurance Company Limited	314	4,986
	Toa-Re Insurance Company of America	16,715	8,061
	Transatlantic Reinsurance Company	75,071	20,540
		1,869,855	2,343,099
	Totals	2,840,827	2,596,670

*for reinsurance companies with both life and property and casualty business, claims incurred as a percentage of earned premium provided in the report, pertains only to property and casualty business.

TOTAL COMPANY

Total assets $	Total liabilities $	Excess of assets over liabilities $	Claims incurred to earned premium %	Net income/ (loss) $
150,913	113,064	37,849	66	5,893
0	0	0	n.a	0
7,066,664	6,125,391	941,273	68 *	41,547
0	0	0	n.a	0
29,729	8,958	20,771	(169,900)	4,835
5,033	1,949	3,084	(200)	17
0	0	0	n.a	0
29,095	7,022	22,073	(157)	1,181
184,597	131,037	53,560	72	14,494
356,290	316,144	40,146	70*	(5,222)
2,993	16	2,977	n.a	(80)
148,278	76,330	71,948	n.a	3,647
234,196	169,749	64,447	n.a	(775)
10,347	1,473	8,874	n.a	339
92,199	40,706	51,493	78	3,859
5,714	0	5,714	n.a*	0
1,608,836	1,070,683	538,153	49*	20,099
59,713	30,763	28,950	313	(2,097)
94,703	71,249	23,454	73	(6,226)
430,290	322,789	107,501	60	11,964
13,815,921	10,422,870	3,393,051		281,257
22,171,334	17,472,952	4,698,382		425,999

RECIPROCAL OR INTERINSURANCE EXCHANGES

FINANCIAL SUMMARY

ONTARIO BUSINESS

Note	year ended December 31, 2003 (in thousands)	Direct premiums written $	Direct claims incurred $
	ONTARIO		
	Canadian Lawyers Liability Assurance Society	22,376	13,330
	Canadian Universities Reciprocal Insurance Exchange	3,190	2,338
	Community Newspaper Reciprocal Insurance Exchange	76	14
	Healthcare Insurance Reciprocal of Canada	48,121	71,385
	Metro Public Education Insurance Exchange	0	0
	Municipal Electric Association Reciprocal Insurance Exchange	9,129	6,118
	Ontario Municipal Insurance Exchange	12,032	11,448
	Ontario School Boards' Insurance Exchange	25,028	26,528
	Poultry Insurance Exchange Reciprocal of Canada	0	0
		119,952	131,161
	BRANCH		
	Lumbermen's Underwriting Alliance	12033	4217
	Totals	131,985	135,378

TOTAL COMPANY

Total assets $	Total liabilities $	Excess of assets over liabilities $	Claims incurred to earned premium %	Net income/ (loss) $
100,282	86,489	13,793	108	(820)
41,512	41,413	99	166	(3,972)
992	167	825	33	33
242,333	186,240	56,093	153	(15,042)
0	0	0	n.a	0
31,906	20,562	11,344	70	2,126
46,224	40,794	5,430	109	(1,692)
145,748	117,205	28,543	109	1,452
720	239	481	n.a	(19)
608,997	492,870	116,127		(17,915)
86034	45977	40057	41.96%	17540
695,031	538,847	156,184		(375)

Ontario

FRATERNAL SOCIETIES

FINANCIAL SUMMARY

year ended December 31, 2003 (in thousands)

Note		Direct premiums written $	ONTARIO BUSINESS Benefits and payments to policyholders $
	ONTARIO		
	Guaranteed Funeral Deposits of Ontario (Fraternal)	23,166	21,864
	Teachers Life Insurance Society (Fraternal)	7,897	4,032
	Toronto Police Widows and Orphans' Fund	1,415	1,415
		32,478	27,311
	FEDERAL		
	ACTRA Fraternal Benefit Society	7,353	5,010
	Canadian Professional Sales Association	625	454
	Canadian Slovak Benefit Society	31	104
24	Canadian Slovak League	0	0
	Grand Orange Lodge of British America, The	914	1,257
	Independent Order of Foresters, The	19,328	20,836
	Lutheran Life Insurance Society of Canada	13,840	13,524
	Order of Italo-Canadians, The	17	77
	Sons of Scotland Benevolent Association	175	325
	Ukrainian Fraternal Society of Canada	40	86
	Ukrainian Mutual Benefit Association of St. Nicholas of Canada	4	18
	Workers Benevolent Association of Canada	25	124
		42,352	41,815
	BRANCH		
	ACA Assurance	0	0
	Croatian Catholic Union of U.S.A. and Canada	0	158
	Croatian Fraternal Union of America	383	248
	Knights of Columbus	73,679	29,892
	Royal Arcanum, Supreme Council of, The	237	73
	Ukrainian Fraternal Association of America	37	50
25	Ukrainian National Aid Association of America	0	0
	Ukrainian National Association	80	146
	United Commercial Travelers of America, Order of	147	74
	Woman's Life Insurance Society	243	318

TOTAL COMPANY

Total assets	Total liabilities	Excess of assets over liabilities	Income/ (loss)
$	$	$	$
176,113	175,171	942	217
32,145	27,518	4,627	330
50,880	42,917	7,963	-737
259,138	245,606	13,532	(190)
54,870	37,618	17,252	26
27,780	19,044	8,736	401
2,433	2,162	271	47
0	0	0	0
20,173	17,624	2,549	369
4,967,321	3,803,720	1,163,601	26,885
312,250	280,172	32,078	736
1,425	1,007	418	-120
11,705	9,505	2,200	188
6,962	5,810	1,152	67
5,111	3,988	1,123	-6
3,261	3,013	248	11
5,413,291	4,183,663	1,229,628	28,604
0	0	0	0
425	283	142	-26
10,006	8,764	1,242	125
1,180,082	993,571	186,511	20,127
11,049	5,173	5,876	431
4,439	2,516	1,923	-184
0	0	0	0
12,397	6,206	6,191	698
4,259	2,142	2,117	210
10,117	8,491	1,626	585

FRATERNAL SOCIETIES

FINANCIAL SUMMARY

year ended December 31, 2003 (in thousands)

	ONTARIO BUSINESS	
	Direct premiums written $	Benefits and payments to policyholders $
	74,806	30,959
Total	149,636	100,085

TOTAL COMPANY

Total assets	Total liabilities	Excess of assets over liabilities	Income/ (loss)
$	$	$	$
1,232,774	1,027,146	205,628	21,966
6,905,203	5,456,415	1,448,788	50,380

Ontario

Financial Summary Notes

1 No financial information was reported in 2003 for Canadian Millers Mutual Insurance Company. The company was ordered into liquidation effective December 13, 2001.

2 The former name of GCAN Insurance Company is Gerling Canada Insurance Company.

3 No financial information was reported in 2003 for Markham General Insurance Company. The company was ordered into liquidation effective July 24, 2002.

4 Blanchard Mutual Insurance Company and The Downie Mutual Insurance Company amalgamated January 1, 2003, and continued under the name Tradition Mutual Insurance Company. The licences of Blanchard Mutual Insurance Company and The Downie Mutual Insurance Company have been cancelled.

5 The former name of Industrial-Alliance Pacific General Insurance Corporation is Aegis Insurance Corporation.

6 No financial information was reported in 2003 for Alta Surety Company. The company was placed in liquidation in July of 2001.

7 The former name of Aviva Insurance Company of Canada is CGU Insurance Company of Canada.

8 Pembridge Insurance Company and Pafco Underwriting Managers Inc. amalgamated June 27, 2003, and continued under the name Pembridge Insurance Company.

9 The former name of St. Paul Guarantee Insurance Company is London Guarantee Insurance Company.

10 No financial information was reported in 2003 for The Home Insurance Company. The company has not undertaken or renewed insurance contracts in Ontario since November 25, 1997.

11 No financial information was reported in 2003 for Reliance Insurance Company. The company has not undertaken or renewed insurance contracts in Ontario since August 7, 2001.

12 No financial information was reported in 2003 for Trade Indemnity PLC. The company has been inactive since October 24, 2003.

13 The former name of Revios Reinsurance Canada is Gerling Global Life Insurance Company.

14 The former name of Trent Health Insurance Company is Ingle Life & Health Insurance Company.

15 No financial information was reported in 2003 for Chrysler Life Insurance Company of Canada. The company has been inactive since March 3, 2003.

16 No financial information was reported in 2002 for Confederation Life Insurance Company. The company is being wound up under the provisions of the Winding-Up Act.

17 No financial information was reported in 2003 for Allstate Life Insurance Company. The company has been inactive since September 11, 2003.

18 The former name of American Health and Life Insurance Company is Associates Financial Life Insurance Company.

19 No financial information was reported in 2003 for Odyssey Reinsurance Company of Canada. The company has been inactive since December 2, 2002.

20 The former name of AXA RE is AXA Corporate Solutions.

21 The former name of Cavell Insurance Company Limited is NW Reinsurance Corporation Limited.

22 No financial information was reported in 2003 for GE Reinsurance Company. The company has been inactive since December 30, 2003.

23 No financial information was reported in 2003 for Nordisk Reinsurance Company A/S. The company has been inactive since December 30, 2003.

24 No financial information was reported in 2003 for Canadian Slovak League. The company has been inactive since December 31, 2003.

25 No financial information was reported in 2003 for Ukrainian National Aid Association of America. The company has been inactive since December 22, 2003.

Ontario

Notes